reason
AUGUST 1978 $1.50

California Tea Party

UNCLE SAM'S APARTHEID

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I don't care if you're white or black, male or female, a dragon-slaying 18-year-old or a still-at-it 70-year-old...you can start today showing others how to do something new, better, cheaper, faster, more profitably...you become the consultant...the counselor...the tutor...the advisor. You get paid $50 . . . $100 . . . and more per hour . . . part-time or full-time.

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All you have to do is follow the step-by-step procedure as outlined in the copyrighted consulting system that I've written and you will be able to start next week (I started part time at home) providing a service that will help someone who is willing to pay you for the benefit of sharing your experiences, ideas, and techniques.

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You don't need any special training to use this system. It's easy to understand and simple to follow. Everything you'll need is included in this comprehensive course. My book shows exactly how you can do the following:

how to have three to four days free every week and the money to enjoy yourself.

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* how to advertise and promote your consulting service (with actual ads to use as a guide). I've made thousands of dollars from one small classified ad . . . you will too!
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* put $5,000 to $15,000 and more in your pocket (after all expenses) by spending 5 hours on one Saturday chatting with a few people about how to do something you've already learned to do.

Steve Nowlin

Just picture yourself getting paid big fees for doing what you like. Even your hobbies can be the basis for a consulting business. Can you image the prestige of being the expert to whom others come for advice? Imagine how great you would feel . . . what sense of power you would have . . . what kind of respect and admiration you would get . . . not to mention the enjoyment of a life free of all money worries.

As a bonus for ordering my book now, I'll send you absolutely free my 40 page special report. It's called "Group Consulting: How To Conduct and Promote Seminars, Courses, Schools, Workshops" and normally sells for $9.95. It shows you how I regularly net anywhere from $3,500-$8,000 from a single one-day seminar or workshop. This report includes registration forms, samples of my ads, and a complete portfolio of my sales literature that you can simply copy for your own use.

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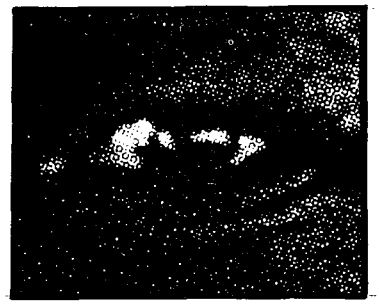

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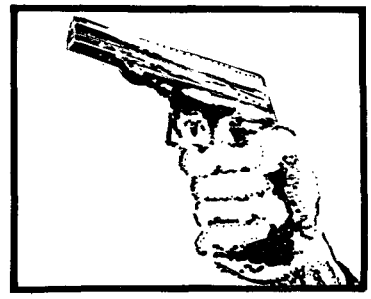

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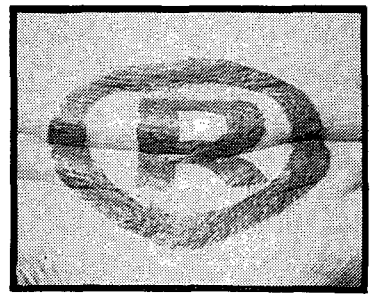

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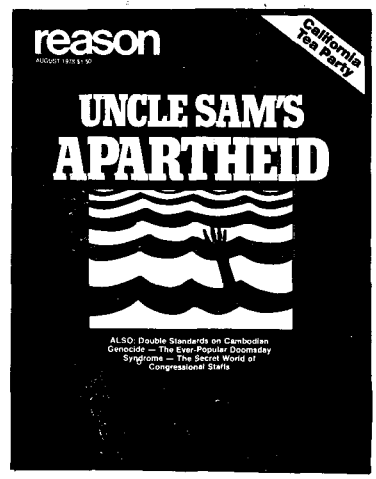
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letters

Edification

Happy 10 years!

And thank you for once again, in your letters column, giving us an instructive lesson on how to turn a petty squabble into an edifying and complex moral dilemma.

Go at it! oh, fearless ones, and reserve me a ring-side seat at the circus!

Rudolph Laubscher
Hollywood, CA

Libertarian History

My compliments on your Tenth Anniversary Issue. It is not adverse criticism for me to note that some of your celebrating writers, most of whom appear to be younger than I am, seem to disagree with each other and with me on significant beginning dates in the history of libertarianism.

Rothbard says, "Ten years ago, all the libertarians in the country could fit comfortably into a medium-sized living room." In fact, by that time my living room had accommodated more libertarians at different times than it could accommodate at one time. Of course few had moved all the way to Rothbard's extreme, but they were all far enough along not to be shocked by the idea.

He says, "Ten years ago, the public school system was above criticism; anyone even mildly critical was treated as a social leper." In fact, my wife and I began seriously criticizing them after only a few months experience in 1946 when we put our oldest child in the first grade of an Ohio public school. We were advocating total abolishment of public schools at least as early as 1952. Admittedly we didn't have too many supporters but neither we nor any of our six children suffered any ostracism because of that or our suit against public school religious practices here in the Bible Belt. See *Carden* v. *Bland*, 199 Tenn. 665 (1956).

He says, "Ten years ago, the Social Security system was right up there with public schools in the public hagiography." We don't have many hagiolators in Tennessee, but I even knew some people who did worship saints while denouncing the government's Ponzi scheme.

He says, "Ten years ago, the FBI and its director, J. Edgar Hoover, were literally revered in America, and were beyond public criticism." As a newspaperman as early as 1947, I made some fun of FBI agents' antics and J. Edgar's publicity gimmicks in print in a Republican newspaper without raising a managerial eyebrow.

And so with his other categories, except that I claim no personal public advocacy in those fields before 1968, but I had been reading and hearing libertarian arguments on them in my efforts to improve my understanding of the requirements of liberty for many years.

And now to the word, "libertarian," itself.

Nathaniel Branden, who, if I recall correctly, first met Ayn Rand in 1950 at the age of 19, reports:

> "I remember when the word 'libertarianism' first came out, and it's very interesting. I said, 'Hey, Ayn, the word is new. It's a bit awkward, but I like it.' She said, 'I don't. I think it's a terrible word. It's a coined word.'"

In fact, my wife and I began calling ourselves "libertarians" along about 1953. I first ran into it in some of the first literature I received from the Foundation for Economic Education after I discovered its existence in 1952. At that time I was still trying to hang onto the label "liberal" in its European sense as against the claims of the New Deal tories. But I looked up "libertarian" in my 1934 edition of Merriam-Webster's unabridged and found a beautifully brief entry in the column next to a long entry for "liberal" encrusted with centuries of misuse. The entry said:

> "liber-tari-an. . . . *n.* One who holds to the doctrine of free will; also, *one who upholds the principles of liberty, esp.* individual liberty, of thought and action.—liber-tar-i-an, *adj.*—lib-er-tar-i-an-ism. . . . *n.*" [my emphasis]

My wife and I have called ourselves libertarians ever since.

On reading Branden's and Rand's comments, I checked further and learned that, according to the Oxford English dictionary, the word had been around since at least 1789.

And, of course, it is no more a "coined" word than any English derivatives of Latin root words—including Miss Rand's coined word, "objectivism."

But I'm delighted to see all those youngsters pushing libertarianism (even if Leonard Read *has* dropped it) without worrying from whence it came. That's why the future looks bright to me. No

[*Continued on p. 7.*]

HOW TO DROP-OUT OF THE SOCIAL SECURITY TAX ?

MARRIED. SINGLE. OR DIVORCED. OVER 20.2 MILLION AMERICAN MEN & WOMEN NOW HAVE EXTRA SPENDING CASH EVERY WEEK. BY TAKING INSTANT ADVANTAGE OF UNIQUE, DO-IT-YOURSELF LEGAL TAX ELIMINATION TECHNIQUES. NOW YOU CAN LEARN THESE SECRETS TOO. HERE'S HOW . . .

During 1976's furious Republican primary battles, then President Ford scored points with the voters wondering aloud why Ronald Reagan paid a mere $600 in federal taxes one year on an income of over $80,000. I wondered how he did it too.

In 1977, during a House speech in Congress, Rep. Charles A. Vanik, D-Ohio declared that there were 78 Americans with adjusted gross incomes of between $500,000 and $1 million who paid virtually not a penny in federal income taxes.

o Why? . . . it was simply because these aware individuals were smart enough to take advantage of the same legal methods to avoid taxes you can. No matter what your current income is today. Now you can join over 20.2 million American individuals who pay little or no tax. Easy.

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I have just published a new tax bible called HOW TO IMMEDIATELY AVOID YOUR TAXES LEGALLY – JUST LIKE THE MILLIONAIRES. Written in easy-to-read, simple-to-understand language, my new tax bible reveals 7 legal, middleclass wealth secrets that explain with step-by-step details how anyone can pay little or no tax.

Millions of Americans already take advantage of these do-it-yourself success secrets, principles, methods, techniques, and tax formulas. And I'll describe to you how you may obtain my new tax bible with absolutely no risk. In fact, I'll even pay you a $2 reward for examining it.

The poor get federal housing, food stamps, and other welfare benefits. The rich get energy allowances, lower interest rates on loans, and extravagant expenses accounts.

What do you get?

The answer is that you get to pay higher and higher taxes. Isn't that wonderful? You work harder and longer each year for your money. And then give Uncle Sam a bigger share of it.

What can you immediately do about it?

■ YOU CAN ALSO BECOME WEALTHY

No matter what tax bracket you presently fit, taking advantage of one of these 7 ways to legally avoid taxes is like a dream come true.

Kirby Hensley, a Californian, who can neither read nor write, takes advantage of a secret tax loophole to legally earn over $36,017 per month – over $432,717 per year – all tax free. For the past 16 years over 18,103 men & women nationwide have joined him so that they can preserve their family and survive inflation. Now you can too. Read how beginning on page 93 of my new tax bible.

Over 151,376 foxy-smart Americans take advantage of a tax loophole to legally avoid taxes on the first $20,000 earned each year. Now you can follow their step-by-step tax avoidance methods too. Read how on page 91 of my new tax bible.

Mike Tecton, a Washington D.C. architect, has been taking advantage of a startling tax loophole for 17 years and paying not a penny of federal income taxes. Jack Anderson reports that over 5 million Americans are avoiding their taxes this way. And that over 2,000 people are joining his ranks daily. Now you can too. Read how on page 135 of my new tax bible.

Irwin A. Schiff, an insurance, investment, and financial planner from Connecticut has legally avoided income and social security taxes since 1973. He is even due a refund of all taxes he paid from the year 1968 to 1973. Now you can use this legal tax avoidance formula too. Read how on page 201 of my new tax bible.

■ WHAT ABOUT YOUR FINANCIAL FUTURE

Everything you will need has been published in my new tax bible. Instructions. Do-it-yourself tax strategies. Techniques. Methods. Secrets. Formulas. Names & addresses. Telephone numbers. Proof. Documentation. Evidence. Forms. Step-by-step guidelines. There has never been a book published like this before.

HOW TO IMMEDIATELY AVOID YOUR TAXES LEGALLY – JUST LIKE THE MILLIONAIRES will provide you with financial security. Financial freedom and privacy. Money independence. And money flexibility.

To take advantage of these legal tax loopholes does not require a lot of money. Nor education. No youth or talent is required. No experience is necessary.

What it does require is belief in yourself. Nothing more. Nothing less. The only person who cares about your retaining the fruits of your hard work is yourself. If you do not care or take the time to send for this new tax bible, then you are destined to remain a permanent second class citizen. You will never be financially free. So why not join the millions of other American individuals who make incredible incomes yet pay little or no taxes?

I hope by my simple, direct approach that I can convince you that my new tax bible is worth the $15 that I am going to ask you to send for it.

If you will send $15, so that we can continue to research and publish this important information, I will mail you my new tax bible called HOW TO IMMEDIATELY AVOID YOUR TAXES LEGALLY – JUST LIKE THE MILLIONAIRES at once.

■ STRONGEST GUARANTEE EVER MADE

I am so confident that you will be so completely satisfied with my new tax bible, that I will give you the strongest guarantee ever made . . . you have a 1 year moneyback guarantee. Mail $15 today. I will send you this new tax bible immediately. Inspect it. Then try one of these tax formulas.

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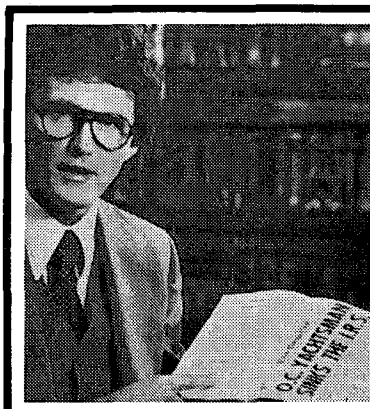
Then if you don't agree with the thousands and thousands of other satisfied customers that it is the greatest bargain of your life . . . if these tax secrets don't work like they do for the over 20.2 million other American individuals . . . return the tax bible to me after 30 days and within 1 year . . . and I'll mail you a check for $17. Which will pay you a $2 reward for your time and good faith. Fair enough?

■ READ WHAT OTHERS WRITE

H.J. BECKLER, Plainfield, N.J. says, "thoroughly satisfied. "**LEO KURNEY, Cicero, Ill.** says, "well worth the money." **ALLIS MURRAY, Saltville, Va.** writes, "thanks for making this startling information available." **EARLE MOLESWORTH, Dalles, Ore.** says, "one of the few real good bargains on the market today." **O.J. SCHREIBNER, Atlanta, Ga.** writes, "most useful and enlightening information I have ever come in contact with." **JACK RIFEN, Kansas City, Mo.** says, "your package is the most specifically organized that is available."



John King, 44, from Denver, Colo. takes advantage of a secret tax loophole to pay no income taxes, no social security taxes, and no property taxes. Despite personal bankruptcy proceedings begun June 1, 1969 – King and his family have survived inflation and continue to "live like a king" – Now you can too. Read how on page 250 of this new book.

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I also understand that I have a 1 year moneyback guarantee. Which means that I can try one of these techniques. And if I don't think that this new tax bible is the greatest bargain I ever got, then I can return it after 30 days and within 1 year and receive a check from you for $17. A $2 reward for my time and good faith.

A truly fair deal. Thank you. Enclosed is my

$15____ check ____ moneyorder____ other.

name _____

address _____

city_____ state_____ zip _____

To charge your tax bible on your credit card, (Visa, American Express, Master Charge) call TOLL FREE 800-824-7866 and ask for operator 89**R6**. In California call 800-852-7757 and ask for operator 89**R6**

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California Tea Party

editorial

Voters in California have passed Proposition 13, the Jarvis-Gann property tax initiative. At one stroke they have amended the state's constitution to limit property taxes to one percent of market value, roll back assessments to 1976 levels, and require a two-thirds vote of the legislature to increase any state taxes and a two-thirds vote of the people to raise local taxes. The implications of this smashing victory for taxpayers are far-reaching.

To begin with, from start to finish Proposition 13 was a grass-roots effort. Mad as hell and not wanting to take it any more, Californians in record numbers signed petitions needed to get the measure onto the ballot. Altogether, 1.5 million signatures were collected; only 500,000 were needed.

The campaign was conceived, managed, and financed by individuals, acting on their own. The state's entire establishment came out against Proposition 13—incumbent politicians of both parties, public employee unions, the Bank of America, the major public utilities, the Business Roundtable, the League of Women Voters, the major newspapers. But it didn't work.

Early in the campaign Democratic Assembly Speaker Leo McCarthy addressed a gathering of citizens, warning them in somber tones about the inability of local government to function if 13 passed. Before he could finish he was drowned out by cheers and applause.

That incident is typical of the way in which California politicians misread voter sentiment. People were crying out *not* for tax *reform*—a mere shift of the tax burden—but for tax *relief*, i.e. a reduction in the size and cost of government. As one letter writer to the *San Francisco Chronicle* put it: "We want only the most necessary government 'services.' We want an end to the countless layers of useless bureaucracies. We refuse to pay any longer for the parasites who are feathering their own nests directly out of our pockets."

Fundamentally missing the point, the governor and the legislature tried to buy the people off with a substitute measure. The Behr bill would have provided modest property tax reductions (for home-owners only) and a weak spending limit—but as *legislation* rather than a constitutional amendment, it could have been changed or repealed by a simple majority of the legislature. Moreover, in order to grant tax reduction *only* to residential property, the constitution was to have been amended by the accompanying Proposition 8. This would have permitted, for the first time, a split roll, with industrial and commercial property taxed at higher rates than houses. The result would have been far higher taxes on businesses and apartments, further worsening the state's business climate and pushing high rents still higher.

Armed with Proposition 8 and the Behr bill, the establishment unleashed an incredible smear campaign. Outright lies became the order of the day. The *Los Angeles Times*, California's largest and most respected newspaper, carried a series of editorials completely distorting the facts. Repeatedly they charged that schools and city and county governments would "suffer a 57 percent reduction in income" if 13 passed. In fact, they will only lose 57 percent of their *property tax revenues.* Sales tax, gasoline tax, and other revenues are unaffected. Thus, *actual* cuts will average around 12 percent for cities, 15 percent for counties, and 30 percent for schools—a far cry from the scary figures the *Times* put forth.

Other opponents stooped to statistical propaganda tricks. Since commercial and industrial property makes up 65 percent of the total assessed value, 65 percent of the dollar savings from 13's across-the-board cuts will accrue to owners of these properties. But apologists for big government stated this as follows: Business and landlords get 65 percent relief, homeowners get 35 percent, renters get nothing. The clear implication was that "business" was getting a larger percentage reduction than homeowners and renters.

Opponents of 13 even tried to use the "taxes will increase" ploy to defeat this massive tax reduction measure. Legislative liberals introduced a package of huge tax increases aimed at "offsetting" the lost property tax revenues. And other opponents calculated the amount of increased income taxes Californians would pay due to having lower itemized deductions for property taxes—a mere $655 million compared with a $7 billion saving on property taxes (but presented in isolation, it sounded ominous).

But the harder they pushed such arguments, the more alienated the voters became. As election day approached, each successive survey showed higher and higher support, culminating in the 65 percent majority at the polls.

Even before the vote the beneficial effects of Proposition 13 began showing up. City councils and county supervisors for the first time took a *serious* look at where the citizens' money was going—and started making cuts. Many proposed user charges for recreation programs, so that only those using them would pay. Others heard presentations from private companies offering to take over paramedic services for one-third or one-fourth the cost of fire department paramedics. Citizens began suggesting that trimming of street trees be done by the adjacent property owners instead of by the city, and parks cared for by neighborhood volunteers. The city of Manhattan Beach abolished its property tax altogether, without waiting for the election results.

The passage of Proposition 13 demonstrates to the rest of the country that something *can* be done about soaring taxes. Despite the best efforts of big business, big labor, and big government to deflect this revolt into a tax shift or defuse it by token relief, the California grass roots could not be dissuaded. Government has very nearly become their master instead of their servant—*and they know it.* What they have done—in defiance of nearly "everyone"—is to say NO and stick to it.

Proposition 13 is just the first step. Similar property tax limitation measures are pending in seven other states, and state tax limitation petition drives are under way in 27. All are fueled by the same underlying realization that government has gotten out of hand, that taxation must be limited.

Advocates of liberty should take advantage of this anti-tax climate. Whenever possible they should seek to discredit taxation *in principle,* explaining why extracting money from people by force is wrong and providing practical alternatives. Many of the services provided by local governments can be done as well or better by the private sector. Some can be handled by volunteers. Those that people insist be provided by government can be charged for, so that only users pay for them.

Two centuries ago our forefathers dumped tea into Boston Harbor, rather than pay tax on it. Californians have taken a similarly rash—but necessary—action against taxes. Their act of rebellion could be the spark that kindles as fundamental a change as the Boston Tea Party 205 years ago.

Robert Poole, Jr.

letters

(Continued from p. 4.)

other movement I know about has advanced as much in three generations as libertarianism has in my lifetime.

Go get 'em, tigers!

Philip M. Carden
Nashville, TN

"Publication" Responds

It sounds as though Murray Rothbard has fallen out of his tree (onto his head). His congratulations to REASON on its 10th birthday included a disparaging reference to a little-known item called *Libertarian Connection.* To quote Dr. Rothbard: "Your 10th anniversary makes you the longest-lived libertarian publication, longer even than the *Libertarian Connection* (if one calls that a publication)."

Why did Dr. Rothbard make this remark when, had he said nothing about it, only a hundred or so hard-core LCers would know about it? Perhaps he is secretly on our side. I presently lean to the theory that his statement stems from a toxic effect due to not taking enough vitamins!

Nat Hall
Co-publisher, Libertarian Connection
Los Angeles, CA

Congratulations

Just finished reading the whole of your Tenth Anniversary Issue of REASON. It is one of the best you have ever published. Absolutely delightful reading and nostalgic. I remember having a subscription to it in the early days when Lanny Friedlander first began publishing REASON. The content was excellent but the physical set-up left much to be desired. You have come a long way. Congratulations!

I thought Dr. Branden's Banquet Speech a most moving one and a rational approach to the "Ayn Rand Problem." If it was moving in print how much more so in audio. I sincerely hope that enough interest is shown in Branden's speech that a tape will be made available for purchase.

Robert L. Schultz
West Hill, Ontario

YAF Revisionism

Two statements in Dave Nolan's article, "The Road to Liberty," [May] need correction. Dave states that YAF leader John Sainsbury was "amiable" and that he "was inclined towards peaceful coexistence with libertarians." In truth, he was neither.

Several months before the 1967 National YAF Convention there was a Mid-Atlantic Regional Convention in Philadelphia. At that convention, I proposed a whole series of resolutions that would have libertarianized YAF; among them resolutions to do away with appointed officials at all levels of YAF—County, State and National—and resolutions to conduct an audit of National YAF and publish the results.

Sainsbury opposed all of these resolutions. In the weeks before the Mid-A Convention I organized several meetings in New York to drum up support for the resolutions. Sainsbury did all that he could to disrupt these meetings. As a result of his actions, a sizeable contingent of Brooklyn/Queens YAFers, including myself, quit the organization. Sainsbury's subsequent "pro-libertarian" posture was simply an expedient to help (he hoped) his political ambitions.

One additional observation should be made. Since 1974 libertarian activity has again been on the upswing within YAF. After several years in NRC and successor organizations, many of the libertarians—

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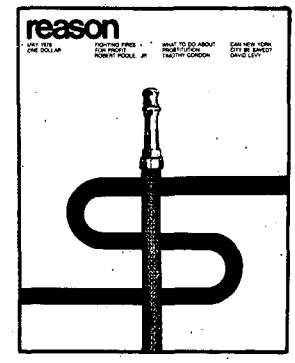

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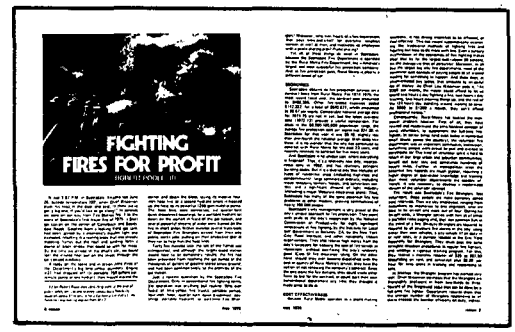
This issue features Robert Poole's in-depth, illustrated article on the private company that provides fire protection to Scottsdale and 13 other Arizona communities. Also in th issue: Tim Condon on prostitution, Prof. Fred Miller on Lysander Spooner, David Levy on the plight of New York City, David Rogers on usury laws, and Manuel Klausner on lawyer advertising.



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including myself—who had earlier quit YAF rejoined the organization. In 1975 libertarian Jeff Kane was elected as YAF National Chairman; to be followed, in 1977, by libertarian John Buckley.

YAF's National Office Staff, however, continues to be Trad dominated. A guerrilla war is currently being fought for control of the organization with Buckley, basically backed by the libertarians, fighting the National Office Staff, basically backed by the Trads. Increased libertarian participation within YAF could decisively affect this contest.

Joseph L. Gentilli
President
Libertarian Republican Alliance

Flat-Rate Tax

What a humorist Alan Bock is. In "Washington Watch" [May] he reports that Libertarian Advocate had proposed "...a flat-rate income tax, and a tax 'ballot' which would allow taxpayers to designate which government programs their money could be spent on...."

While a flat-rate income tax would be a better alternative to the morass that we have now, it would still be completely statist. Who, for example, would determine the magnitude of the "flat-rate"; and who would decide when it needed to be changed? Would the same IRS gestapo be used to collect it that now does? And with the same methodology?

The tax ballot is even more ludicrous. Just imagine an army of government statisticians (probaby exceeding the current HEW hoards) busily running Student-T's, Chi-squares, etc., ad infinitum...just to see what programs the folks back home consider relevant. What if they don't like the answers that they get? Maybe some statistical game-playing!

Does anyone (LA included) seriously believe that the federal bureaucracy would become one gigantic bookkeeping system merely to spend the citizens' taxes as they wished them spent? Currently, one federal dollar is completely indistinguishable from all others.

No, Mr. Bock, if Libertarian Advocate is lobbying for this kind of tax system, they're advocating more of what we have now...all of which are wrong. I really wish they would STOP!

Barry J. Hildebrand
Palos Verdes Peninsula, CA

Kudos

Bravo for Edith Efron's Viewpoint columns. These lucid and hard-hitting articles are refreshing in the way that they both display shortcomings of the libertarian movement and also offer constructive solutions to said defects. Keep up the superb work!

Bernard Cummiskey
Columbus, OH

Commemoration

As a nomination for REASON's candidate for the image on the new "dollar," why not pick out some prominent historical whore, since we are being so effectively screwed by the government, and this should be honored in such a coin.

Thomas S. Booz
Plantation, FL

Courtesy

I'm surprised by Bill Birmingham's being "grateful to Ms. Efron for proving that there is no such thing as unprintable rubbish." I think Bill has already done a good job of proving that in "Brickbats."

Professional courtesy, I guess.

Guy W. Riggs
Poughkeepsie, NY

Need for Defense

I have followed the Libertarian arguments in REASON for several years. I have found much that I agree with and have added to my own philosophy. I do not understand most libertarians' opposition to military defense forces. It is my opinion that national defense is one of the few proper functions of government. The arguments that we do not need a national defense are, perhaps, theoretically valid. However, some of the assumptions that the theory is based on must be false, because the theory has not worked our in practice. For example, when the Nazi government pulled out of Pomerania, there was no government at all. Freedom! It did not take long for the Russians to move in and set up a tyranny. Later the Russians pulled out and left a Polish Communist regime, which remains.

The arguments Robert LeFevre presents in "Return From the Stars" [May] are typical and have, in my opinion, a fatal flaw. "If the Cordonites covet what we have in this country they can obtain it more cheaply and readily by keeping us gainfully employed at producing and then trading with us. Our borders are open." If the Cordonites, or whoever, have the motivation to maximize profit (standard of living) then they will have a free enterprise government themselves and will not wish to threaten anyone. The threat comes from countries led, or misled, by tyrants who either want to maximize their power or are too stupid to realize that prosperity would be greater without the tyrannical government, or both.

John G. Tietz
Hamilton, MT

Abortion and Emergencies

In the April issue, Karl Pflock said abortion is permissible in life-threatening pregnancies and cited from a Libertarians for Life leaflet a statement concerning the privilege of self-preservation in emergency situations which permits the taking of innocent life. That statement should not be interpreted as *necessarily* sanctioning abortion in these cases since, even there, children may be perfectly capable of surviving if not aggressed against. As the LFL leaflet also says, "Pregnancy is not (an emergency) situation in the normal case. *Were it so,* in *extraordinary cases,* the mother would have a privilege to defend her own life through abortion.... The privilege of self-preservation arises only in those situations in which the lives of *two or more equally innocent persons are in jeopardy,* and not all of them can be saved." (Emphasis added.) Life-threatening pregnancies pose difficult philosophical problems which LFL does not have definitive answers to. We believe, however, that the answers do not affect the merits of the basic arguments against abortion, and that, unless we correctly decide the normal cases first, we have no solid basis for deciding the extraordinary cases.

Besides normally having no right to kill our children, as Pflock said, LFL argues that whether we are willing or not, we also have the obligation, not just moral but under justice, to care for them. Just as our assent isn't necessary in order to incur the *universal* obligation not to initiate force, assent isn't always necessary in order to incur a *particular* obligation to a *particular* person, e.g., as when we intentionally steal or when we unintentionally cause an accident.

Two conditions must be present for a particular unsought-for obligation to arise: (1) direct and positive causation by the actor, and (2) lack of assent by the person affected. In the pregnancy case, the parents are the actors, and the child is the person affected. How else can the cause of the existence of a child and his long-term needs be explained except by recognizing the role of his parents in creating both these things? Nature can't

be held responsible since it is the sex act that triggers the reproductive functions of the sperm and ovum. Children can't be held responsible since children don't cause themselves. They are not trespassers or uninvited guests but are captives in a situation imposed upon them without their assent by their parents. The inability of parents to obtain their children's assent is not relevant since the burden of obtaining assent is always upon the actors.

How can a situation which we are responsible for causing give rise to a right to kill the non-assenting person affected? Since when do we have a right to unilaterally terminate our obligations to others, especially by dismembering or burning them to death and then evicting them from a place in which they have a right to stay?

LFL hopes REASON will continue to air the debate.

Doris Gordon
Coordinator, LFL
Wheaton, MD

P.S. It was nice to see my name publicized in REASON, but the article attributed to me was actually written by John Walker.

Consent and Abortion

I found the debate on abortion [April] extremely unsatisfactory, especially Mr. Pflock's contribution. To take only the most salient of my objections, the applicable libertarian principle is not "non-aggression" but rather the one that governs the *exchange of values* between persons. This principle states simply that such exchanges, in order not to violate the freedom of either party, must necessarily entail the voluntary consent of *both* participants. Libertarians have held that this rule is not affected by the relative importance of the value to one's own existence, so that the consent of the donor of values is required just as much in survival situations as in any other. It is this principled rejection of the argument that one person's need, however authentic and pressing, creates *ipso facto* a rightful claim to its fulfillment by others that forms the root of libertarian opposition to welfare, food stamps, national health plans, Social Security, etc., and on the international scene, to the thesis that the United States has a duty to succor the rest of the world.

The logic is irresistable, therefore, that the donor's consent must be obtained also when the donor is a woman, the donee a fetus, and the value transferred is nurture. Or in other words, a fetus, even if it *is* considered human from the moment of conception, still would not possess the right, any more than an adult, to be sustained by means of values obtained involuntarily from another. It would follow that a woman's consent would be continuously necessary in the provision of nurture to her unborn child up until the time when she can be replaced in this function by other consenting persons—that is, when the fetus is independently viable, and can be given up for adoption.

An argument of this nature will be persuasive neither to persons unused to the *consistent* application of moral principles to human affairs, nor to those whose principles derive from revelation. But for libertarians, whose principles are justified in logic and whose hallmark is precisely such consistency of application, this argument should be decisive. For one must either concede that dire need does indeed generate a rightful claim upon resources owned by others, in which case we can have no objection *in principle* to the essential rationale of the welfare state or else recognize that the State *cannot* rightfully force a woman to nourish a fetus in the absence of her consent.

While this argument speaks to the moral and political issues, there remains the medical problem of when a fetus is to be considered independently viable. I am not competent to give advice here, but I would like to offer the thought that if a

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free market in babies existed so that potential mothers could be *paid* for deciding to go through with a pregnancy, then the incidence of *late* abortions (and these are the most problematic, since these fetuses may be independently viable, though with the risk of permanent damage) would be much reduced, perhaps even to zero if a mechanism for attaining market-clearing prices were in place. It is probable that such a market would be much more effective than an outright ban in reducing the *true* frequency of abortions, especially late ones.

William R. Havender
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Involuntary Support

Walter Block's article [April] is excellent! I'd like to extend his reasoning and offer a rebuttal to Karl Pflock.

Consider this example. Jane lies in a hospital dying for lack of a kidney function. Sherlock, a desperate friend of Jane's, goes out on the street and abducts Victoria. He proceeds to hook up her kidneys to Jane's unconscious body. Jane's life is saved.

The police break into the room and arrest Sherlock for kidnapping and assault. Victoria sits up. An attendant warns her, "There are no machines and no volunteers. If you disconnect the tubes from yourself Jane will surely die. She's been unconscious for days and had nothing to do with your abduction. She is the involuntary benefactor of your body. Since she is involuntary and innocent she has the right to continue to use your body."

"Not so!" replies Victoria. "Being involuntary or unable to communicate does not and should not expand her rights beyond the rights of those who can communicate and act voluntarily. All individuals have the equal right to freedom, and I'm going to exercise my freedom to leave this place. It's unfortunate that Jane's body isn't self-supporting. But I have my own problems and my own life to live." With that remark she disconnects the tubes. Jane dies. The police arrest Victoria and charge her with murder.

This case is analogous to the rape-caused pregnancy. The fetus, like Jane, is involuntary, unable to communicate, and incapable of sustaining its life without biological support of another body.

Well, readers, what's the verdict on Victoria?

Perry S. Lorenz
Cupertino, CA

Potential vs. Actual

In his essay "The Morality of Non-Interference" [April] Dr. Machan executes considerable verbal gymnastics in an attempt to lead his readers to the conclusion that a fetus is not a human being but his analogies do not bear up under scrutiny. True, it is the power of reason found uniquely within our species that sets humans apart from the lower order of animals but one with a lesser talent for reasoning is not less a human being than the balance of his class of being. Human life can be a culture of skin cells kept alive in a test tube but such life cannot be considered a human being since skin cells can only produce more skin cells. A human being is genetically complete from the instant of fertilization and is on the way to being a reasoning adult. Dr. Machan would have to admit that a month-old infant is still not capable of rational thought and choice. With this acknowledgement, the criteria he has invented for defining a human being begins to lose shape. The fetus, the embryo and the infant are more accurately labeled *human beings with potential* than *potential human beings.*

His analogy of the fruit trees further strips his logic of sound foundation when he suggests that a sapling could be called a young fruit tree only because it is *closer* to the fruit-bearing age than a seed recently germinated. The peach seed which has not germinated has the *potential* of becoming a peach tree but if not germinated, it will decay. At the moment it germinates, however, it is a peach tree even though it has not broken through the surface of the earth. To call it a "sprout" in order to more clearly define its stage of development doesn't mean that it isn't a peach tree. It is genetically complete upon germination. It may, however, grow up and never bear fruit but, alas, it is still a peach tree.

Don Farrell
Vail, IA

Moral vs. Political

While commenting on Walter Block's article on abortion [April] I shall refrain from making any criticism of his claim that a fetus is a human being, for I believe Machan, in his article, has adequately disposed of that claim.

(*Continued on p. 49.*)

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brickbats

☐ **That explains a lot:** "General Abu Walid, [PLO leader Yassir] Arafat's military chief of staff... is a graduate of the United States Army Staff College at Fort Leavenworth, Kansas, which he attended as a Jordanian Army officer." (*New York Times,* May 2, 1978)

☐ **Egyptian President Anwar Sadat** has new powers to protect Egypt from the Red Menace. Adherents of "any ideology incompatible with religion" (how coy!) are barred from the press and other areas, and journalists are required to support "socialist democracy." A bit harsh, you might say, but harsh measures may well be necessary. Otherwise, the Commies might destroy Egypt's freedom of the press, and institute fake "elections" which they would always win by preposterous margins.... Sadat's new powers were supposedly endorsed in a referendum by 98.3 percent of the Egyptian voters.

☐ **Dr. Barry Commoner** and his Center for the Biology of Natural Systems reveal that hamburgers may cause cancer. The evidence, however, is more subtle than a handful of tumor-prone rats bloated with Big Macs. It seems that ground beef, when fried on a hot metal surface until well-done, contains some substances that can cause mutations in *Salmonella* bacteria—and what can cause mutations can perhaps cause cancer. Surprisingly, the socialist ideologue Commoner did not call on the National Guard to occupy every Jack in the Box in the land, but declared himself a staunch friend of the hamburger, advised us to order our Quarter Pounders medium rare, and claimed that "The risk can be reduced to zero" by broiling one's hamburger instead of frying it. That last claim is at odds with the last decade's warning against charcoal-broiled steaks (remember those?) which the public laughed to scorn. Commoner probably fears that it might do the same to him.

☐ **The puling and moaning in the media** over the late Aldo Moro was nearly as vomit-making as the blubbering over Hubert Humphrey, who seems to have had a lot in common with the Christian-Democratic "statesman." Supposedly Moro's pre-eminent virtue was his ability to "compromise," and his crowning achievement was bringing the Communist Party into Italy's ruling coalition. Clearly, there were no depths so low that Moro wouldn't stoop to them in the sacred cause of clutching after political power—just like the Hump. (Among the mourners at Christian-Democrat headquarters was a contingent of Chilean emigres, led by the widow of the late Marxist bungler Salvador Allende.) We can take comfort in the *Washington Post*'s puzzled observation (just a few days before Moro's death) that "Few Italians seem to be deeply affected by the influential politician's lengthy captivity or by the prospect of his possible death....More people were affected by the death of the five policemen [guarding him] than by the kidnap of Moro," and that "[Most Italians] believe that Italy's 'political class' consists almost entirely of men who are either dishonest or unconcerned about their country's welfare." (Hear, hear!)

☐ **Something called The Catholic Defense League** has launched a tax strike, announcing that its members "will refuse to pay all or part of our federal income tax, and in appropriate cases, of state and municipal taxes as well, until the blight of abortion is lifted from our land." The CDL is particularly exercised over Medicaid-funded abortions. True, in 1974 they saved the long-suffering taxpayers an estimated $9 billion in future welfare payments, but the CDL brands this "godless social engineering" (the very worst kind), as opposed to "an equitable redistribution of wealth and a rational management of our country's human and material resources." The strike is until Congress passes the CDL's beloved "Human Life Amendment," to guarantee every fetus a free lunch "from the moment of conception," after which the IRS may plunder *ad libitum* in the name of "godly social engineering," presumably with the full blessing of the Catholic Defense League. The CDL is nothing if not consistent.

☐ **The Peanut's Progress:** Jimmy Carter is now the Democrats' second choice for President. A Gallup Poll in May found that 36 percent of the Democrats surveyed want to nominate Teddy Kennedy in 1980, 29 percent chose Carter, and 12 percent picked California Governor Jerry Brown. In a one-to-one contest, Dread Ted beats Jimmy 53 percent to 40 percent. In the 43-year history of the Gallup Poll, an incumbent President has come in second only once before: in 1967 Democrats chose Robert Kennedy over LBJ 51 to 39 percent. And if the election were held today Jerry Ford (the Republicans' choice) would beat Carter almost as badly, and even Wretched Ronald Reagan would tie him. With such a collection of tired old hacks to run against, how do you suppose the Libertarian Party will do in 1980?

☐ **The Swiss Social Democratic Party** has voted to support a referendum that would relax that country's bank secrecy laws: specifically, the banks could be required to cooperate in tax-evasion cases involving the Swiss or foreign governments. The Swiss Bankers' Association warns that such relaxation could end Switzerland's role as an international financial center and cripple her economy. We'll have to wait and see just how suicidal the Swiss electorate is, but it looks like there may be a few bugs in what Murray Rothbard calls the "dropping out and stashing away" strategy. If so, D.O.&S.A. guru Harry Browne's loss may be libertarian activism's gain.

☐ **The Gay Rights Committee of the San Francisco Bar Association** has looked upon that city's gay rights ordinance and found it good, but is not about to disband. Instead, it will find some other problem to research, such as "the extent to which homosexual bars and discos discriminate against heterosexuals and other minorities." (*San Francisco Chronicle,* May 22, 1978)

Bill Birmingham

I favor free trade in drugs for the same reason the Founding Fathers favored free trade in ideas: in a free society it is none of the government's business what ideas a man puts into his mind; likewise, it should be none of its business what drugs he puts into his body.

Thomas S. Szasz

"Now they have the sacred scriptures of Marx, of which not a word must be doubted; they have the divine mummified relics of Lenin; the Holy Inquisition of the G.P.U.-N.K.V.D.-M.V.D.; the public recantations like those of the Dark Ages; and a very well-fed army of theologians and apologists parading as 'theoreticians.' They call it 'scientific socialism.'"

Max Nomad, A Skeptic's Political Dictionary and Handbook for the Disenchanted, *1953*

trends

OTRAG Update

The recent invasion of Zaire's Shaba province, site of OTRAG's launch center (see "African Deception," REASON, July) was masterminded by East German military advisors, not Cubans. So reports Colin Legum of the *London Observer*. An East German military delegation headed by Gen. Heinz Hoffmann was in Angola from May 8th to 12th, when the invasion was launched from there. Stated Legum: "The East German involvement in the anti-Mobutu struggle appears to be directly linked to the role they have played in trying to stop the West German company, OTRAG, from developing a new type of low-cost long-range rocket to lift 'spy' satellites."

OTRAG had planned two launches during the second half of May. The first occurred as scheduled, on May 20, but the second was postponed when the invaders captured Kolwezi, 190 miles away. OTRAG, like most other Western firms, evacuated its personnel at this point. The company announced that its May 20 launch was successful, reaching an altitude of 30 kilometers. The first orbital launch is scheduled for next year.

A subsequent *London Observer* article stated that OTRAG had confirmed negotiations for sale of a reconnaissance satellite to China, thereby further establishing a motive for the East German/Soviet opposition. It also speculated that the invasion, though unsuccessful, is causing OTRAG to reconsider the future of its Shaba launch center. Thus, it concluded, "Although the FNLC invasion of Shaba has at least temporarily failed, it may in fact have served the East German and Russian purpose of possibly putting an end to OTRAG's project in Zaire."

SOURCES:
- "How and Why East Germany Masterminded Zaire Invasion," Colin Legum, *San Francisco Examiner* (from the *London Observer*), May 21, 1978.
- "Shaba Invasion Aimed at OTRAG," *Aerospace Daily*, June 2, 1978.

CAB Pushes Competition

While Congress continues to bog down in the details of its partial deregulation of the airlines, the Civil Aeronautics Board is going further on its own than the reform bill's provisions. Spurred on by its economist chairman, Alfred E. Kahn, and by Bureau of Pricing and Domestic Aviation director Michael E. Levine, the CAB has set the industry on its ear in three major policy areas.

First off, in April the Board issued a proposed fare reduction policy that would let airlines cut fares as much as *50 percent* without needing CAB approval. And they would no longer have to price first-class service at least 50 percent higher than coach. At present, although the Board has been quite permissive in permitting fare reductions, each one requires specific approval. The new policy is scheduled to go into effect July 1st. The Board is also considering allowing fare increases of up to five percent without permission.

Secondly, the CAB is thinking about ending its support of the International Air Transport Association's joint fare-setting activities (price fixing). Existing CAB support permits US airlines to enter these agreements with immunity from the antitrust laws. In the last few years, though, IATA price fixing has been showing signs of strain, as pressure for discount fares and price-cutting increases.

Third, and most far-reaching, the CAB is about to test out a policy of completely free entry to airline routes. It has enunciated this policy in an "unusually philosophical document stressing the value of the free market over government regulation in assigning airlines to routes," authored by Levine. The policy will get its first official test in the case of service to Oakland. A number of airlines have proposed adding new routes connecting Oakland with 15 other cities. (In the past Oakland has had relatively poor service because the CAB directed most routes to nearby San Francisco.) Instead of selecting one or two airlines for the new routes, and making sure that those selected (1) would show a profit, and (2) would not divert traffic from other airlines, the new policy will let every airline that wants to serve the Oakland routes. The only requirement is that each be "fit, willing, and able." The Oakland proceeding will be a milestone for deregulation—"the most significant thing we'll have done so far," says Levine.

Already, though, the free-entry philosophy is spreading. The Board is close to a final decision on a proceeding to allow new air service at Chicago's little-used Midway Airport. Over 18 months ago two newly organized airlines approached the CAB with plans to serve Midway. When the word got out, three existing airlines—North Central, Delta, and Northwest—also filed route applications. Initially, even Kahn argued for a "protective corridor" approach under which existing airlines would be kept out for a year or two to give the newcomers a head start. But under prodding from Levine and his staff, the Board has come around to an open-entry position in this case, too. Board member Elizabeth Bailey argues that "We should use this as an opportunity to test our theory of really free entry."

In short, while a free market in aviation has not yet arrived, the CAB has made more progress in that direction in the past three months than Congress has made in the past three years.

SOURCES:
- "Airlines Could Freely Set 50% Rate Cuts Under CAB Proposal," *Wall Street Journal*, April 17, 1978.
- "Setting Air Fares Jointly May Lose Support of CAB," *Ibid.*, May 22, 1978.
- "CAB Moves to Throw Routes Wide Open for Competition," *Ibid.*, May 8, 1978.
- "CAB Proposes Granting Oakland Routes to All Carriers Asking to Fly Them," *Ibid.*, May 31, 1978.
- "New Carriers Face Challenge at Midway," *Aviation Week*, May 1, 1978, p. 26.

OSHA Barred

In a stunning victory for property rights and civil liberties, the US Supreme Court has ruled 5-3 that Labor Department investigators must have search warrants to make unannounced inspections of business premises. The Court held that the Constitution's prohibition on unreasonable searches applies to business property as well as to homes. Therefore, inspectors for the Occupational Safety and Health Administration (OSHA) must go before a judge or magistrate to request a search warrant before conducting investigations. Only if the owner agrees in advance to a spot check would no warrant be needed.

The case before the Court involved the Labor Department's appeal of a similar ruling in 1976 by a three-judge federal court. Idaho contractor Bill Barlow had refused to allow OSHA inspectors to enter his business unannounced, citing the Fourth Amendment as his authority. The Supreme Court concurred with Barlow's defense of his rights. "The authority to make warrantless searches devolves almost unbridled discretion upon executive and administrative officers, particularly those in the field, as to when to search and whom to search," wrote Justice Byron R. White for the majority.

According to the Associated Press, "The Court's ruling virtually guts the Labor Department's strategy" of enforcing OSHA regulations via the threat of surprise inspections. US Chamber of Commerce president Richard L. Lesher termed the decision a "blow for freedom"; he was seconded by the National Association of Manufacturers. OSHA

chief Eula Bingham, however, promised to seek a lot of warrants.

SOURCES:

- "Court Rules Against Surprise Inspections," AP (Washington), May 23, 1978.
- "Bill Vindicated," *Time*, June 5, 1978, p. 16.

Welfare—The Grim Facts

Welfare—and what to do about it—is a perennial problem. Several recent studies shed new light on the subject but provide no solutions. Still, a precondition for solving a problem is understanding its full dimensions, and it is helpful, as well, to know what will *not* work in solving it.

To begin with, it is time people became aware of the full magnitude of existing welfare programs. A research team at Pace University's Graduate School of Business recently released the results of its inventory of federal income transfer programs. During fiscal year 1977 the federal government operated 182 distinct programs of income transfer and poverty relief. Altogether, appropriations for those programs totaled $250 billion—69 percent of total federal tax receipts.

The study's authors, William J. Lawrence and Stephen Leeds, point out that there is no underlying rationale for this plethora of programs. As one result, says Dr. Lawrence, "The overlapping of benefits of many of the programs often leads to work disincentives which foster dependency on welfare."

What can be done? One proposal is the administration's "Program for Better Jobs and Income," the major elements of which are an extensive public service employment program and a negative income tax. The public service jobs portion was subjected to detailed economic analysis by David I. Meiselman of Virginia Polytechnic Institute. Prof. Meiselman concluded that its net first-year cost would not be the mere $2.8 billion claimed by the administration but three to four times that amount. And the *full* potential cost of the program, several years down the road, could reach $80 billion a year.

Another element of the administration's plan is the guaranteed annual income or negative income tax. Under this approach, various existing welfare benefits (food stamps, services, cash grants) are replaced by a single guaranteed amount of money. For several years the federal government has been experimenting with this approach. So far, the results show it to be a flop.

One big concern was what would happen to work incentives under a guaranteed income. A Rand Corporation analysis of a three-year experiment in New Jersey and Pennsylvania showed that white male heads of households, on the average, reduced their work week by five to seven hours. "This represents a large and statistically significant labor supply withdrawal," said study director John Cogan of Rand. Cogan's efforts represent a more accurate analysis of the New Jersey-Pennsylvania data than several earlier studies which showed less of a work disincentive. Earlier studies, for example, included in the data on workforce participation all *eligible* families, even if they chose not to participate because they had nothing to gain monetarily. This misleadingly inflated the measured hours of work by those in the experimental group.

Yet another unexpected result turned up in the Seattle-Denver guaranteed income experiment. There, researchers from SRI International discovered, rates of divorce and family dissolution increased sharply when the government guaranteed a minimum family income. White families in the experiment averaged 58 percent more marital breakups than similar families in a control group;

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for black families, the difference was 61 percent. SRI's Robert Spiegelman pointed out that the results were directly contrary to the popular notion that income guarantees would ensure the stability of poverty families.

Our $250 billion welfare monstrosity is not solving the problem of poverty. But it looks as if more public service jobs and a guaranteed annual income will not solve it either.

SOURCES:

- *An Inventory of Federal Income Transfer Programs*, William J. Lawrence and Stephen Leeds, Institute for Socioeconomic Studies, April 1978.
- *Welfare Reform and the Carter Public Service Employment Program: A Critique*, David I. Meiselman, Law & Economics Center, University of Miami, February 1978.
- *Negative Income Taxation and Labor Supply: New Evidence from the New Jersey-Pennsylvania Experiment*, Rand Corporation, April 1978.
- "Guaranteed Income," *Los Angeles Times*, May 2, 1978, p. 2.

Phone Battle Continues

The long-running battle between tiny MCI Communications Corporation and American Telephone & Telegraph Company has gone a few more rounds. MCI operates a long-distance microwave system that transmits data and voice messages between 24 cities, competing with AT&T's long-distance telephone service. But to link up to customers, MCI's Execunet service must use local connections provided by the local monopoly telephone company. After winning a several-year court battle against AT&T over its right to do business at all, MCI thought it had it made.

But then AT&T began the next round: denying MCI access to local interconnections. Despite winning a favorable federal appeals court decision against AT&T last year (which the Supreme Court declined to review in December), Ma Bell was not deterred. No sooner had the Court announced its view than AT&T petitioned the Federal Communications Commission to rule that making connections for its competitors would be against "public policy." The FCC agreed to halt further connections, pending completion of its just-begun two-year study of competition's potential impact. So back to court went MCI, winning yet another favorable ruling in April, overruling the FCC's action. AT&T then appealed *this* decision to the Supreme Court. In May, the Court finally came to grips with the case—and ruled in favor of MCI.

Jubilant, the company began signing up for local service in 10 more cities—only to run into yet another round from AT&T. Ma Bell has filed for new rates for these interconnect services, proposing to charge *interstate* rates for this local service. MCI has fired off protests to the FCC and will end up—once again—back in court. All of which illustrates how America's largest corporation practices "free enterprise."

SOURCES:

- "MCI's Long-Distance Phone Service Wins Second Appeal," *Wall Street Journal*, April 17, 1978.
- "High Court Clears AT&T Competition for Long Distance," *Ibid.*, May 23, 1978.
- "AT&T Requests Rivals Pay More for Local Service," *Ibid.*, May 31, 1978.

Milking Nearly Everyone

What federal regulatory apparatus benefits virtually nobody—not even those it was designed to help? The answer is milk regulation. Enacted during the Depression, federal regulation of the dairy industry benefits neither consumers, distributors, nor even farmers (except in their) role as landowners)—and should be phased out. So concluded a study conducted by the Justice Department during the final days of the Ford administration.

The regulations comprise a three-part system, including price supports, government purchase of surpluses, and restrictions on the quantity of milk produced for home consumption. Overall, the Justice Department team found that this system of regulations has caused or contributed to (1) excessive prices, (2) inefficient, inequitable, and regressive attempts to raise producer incomes, (3) exaggerated fluctuations in the prices received by farmers, (4) artificial localization of supply areas, and (5) monopolistic pricing.

The study group's report has been published as part of the Ford Administration Papers on Regulatory Reform, a series edited by economist Paul W. MacAvoy. MacAvoy was a member of the Council of Economic Advisors and co-chairman of the Domestic Council Review Group on Regulatory Reform under President Ford.

SOURCE:

- *Federal Milk Marketing Orders and Price Supports*, American Enterprise Institute, November 1977.

Gambling Revisionism

The conventional wisdom about crime keeps getting chipped away as a result of new studies. One of the more important has just been completed by sociologist Jonathan Rubinstein and economist Peter Reuter. Their unprecedented study of gambling in the New York City area paints a picture completely at variance with accepted "knowledge."

For decades the FBI and city police have been telling us that organized crime tightly and ruthlessly controls gambling and loan-sharking, especially in big cities. Hard evidence to this effect was not forthcoming, however; the conventional wisdom was based largely on police press releases. But Rubinstein and Reuter, using subpoena powers from the New York State legislature, obtained access to confidential files of New York City area police departments. They also interviewed numerous bet-takers, bookmakers, loan sharks, etc.

What they found in sports betting was "autonomous, highly competitive small businesses, working on remarkably thin profit margins, frequently going broke." Operators enter and leave the field freely and in large numbers. There is very little violence or coercion, and little police corruption. The numbers game is much the same, with "perhaps a little more violence and corruption than in bookmaking, but still far short of the common concept."

Why, then, the common picture of a highly profitable, ruthless, mob-run enterprise? Rubinstein and Reuter theorize that this image has suited the purposes of criminal justice officials (who have control over most of the data). After all, it keeps their budgets going up and helps them justify wiretapping laws and conspiracy statutes. Besides threatening both the pocketbooks and the civil liberties of the citizenry, this false image has led to popular support for attempts to regulate gambling by setting up state lotteries and off-track betting. Rubinstein and Reuter consider these government monopolies more likely to breed corruption of officials than competitive private sector gambling.

SOURCE:

- "Unorganized Crime," Alan L. Otten, *Wall Street Journal*, May 11, 1978.

HMO Problems

Many people who are concerned about the high cost of medical care argue that one reason costs are so high is that doctors have the wrong incentives. Since they are paid only when people get sick, it is argued, doctors have little incentive to keep people well. Consequently, they say, medical care would be both better and cheaper if doctors worked for a set salary, paid in advance by the patient like an insurance premium. Then they would have an incentive to keep the patient well, thereby holding down costs.

This concept lies at the heart of the health maintenance organization (HMO) and other prepaid health plan approaches. While the evidence on HMO cost-effectiveness is mixed, thus far, at least traditional fee-for-service doctors don't desert their patients in their quest for (gasp)

higher pay. But that is exactly what the 55 doctors who work for Washington's Group Health Association did in April. After four months of salary negotiations broke down, the (unionized) physicians went out on strike for a $7,000 a year increase (from $53,000 to $60,000). The strike left 109,000 prepaid clients wondering...about their physicians' incentives.

SOURCE:
"Health Plan Doctors in DC Area Strike," UPI Washington, April 16, 1978.

Milestones

• *Competing Booze.* California's law setting minimum prices for liquor is unconstitutional. So ruled a unanimous state Supreme Court, in a case dating from the 1975 refusal of Christine and Richard Corsetti to charge state-ordered prices. The court found that such price-fixing violates a 1975 amendment to the Sherman Antitrust Act that eliminates certain exemptions, and also the 21st Amendment (which repealed Prohibition). (Source: AP [San Francisco], May 31, 1978.)

• *Challenging No-Growth.* A savings and loan association has issued a legal challenge to California land-use control policies. Glendale Federal has sued the city of San Juan Capistrano in federal court. The S&L contends that the city's no-growth ordinances, which "preclude the use of all or large portions of 1700 acres" it owns in the city, constitute a taking of land for public use without compensation. This, it contends, violates the Fourth Amendment as well as the federal Civil Rights Act. The court denied a move by the city to dismiss the case. (Source: *Los Angeles Times,* April 30, 1978.)

• *No to Bilingualism.* Bilingual education classes are costly and have been controversial since they were introduced some years ago. Now, a $1.5 million study of 38 such projects in 117 schools has found no gains in student achievement compared with regular classes. In some cases, the students taught only in English actually did better. Conducted by the American Institutes for Research, the study was funded and released by the US Office of Education. The federal government is spending $135 million of our money on such programs this year. (Source: AP [Washington], May 10, 1978.)

• *Busting the Cities.* If a city government operates a business enterprise—a utility, airport, transit system, etc.—it must abide by the antitrust laws the same as private businesses. So ruled the US Supreme Court by a 5-4 margin. The case was brought by Louisiana Power & Light Company, which charged that two Louisiana cities which operate their own electric utility were engaging in anticompetitive practices. Specifically, the cities tried to prevent the company, by law, from constructing a new power plant. No way, said the Court's majority: "The economic choices made by public corporations... are not inherently more likely to comport with the broader interests of national economic well-being than are those of private corporations." In other words, cities, if you're going to play at being industrialists, you've got to play by the same rules as everybody else. (Source: *Los Angeles Times,* March 30, 1978.)

• *PSRO's Last Chance.* That new regulatory body looking over the doctors' shoulders—the Professional Standards Review Organization—is more costly than it's worth. That's the conclusion of the Office of Management and Budget, which has recommended euthanasia for PSROs. But HEW Secretary Califano has interceded, granting the PSROs a one-year reprieve in an attempt to show that they can be effective after all. (Source: *Science,* May 26, 1978, p. 885.)

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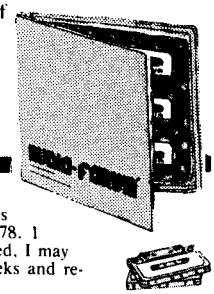

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They sound egalitarian and humane, but these racially "neutral" laws have created an American apartheid.

THE NEW JIM CROW LAWS

by Walter E. Williams

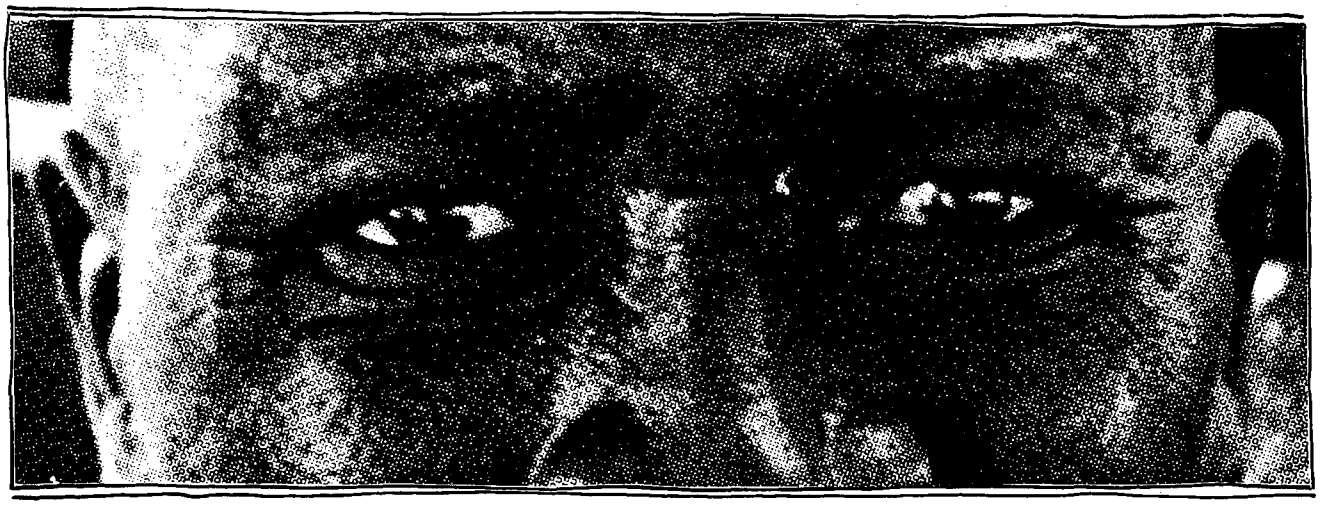
Minority problems have always been an important part of the US sociological landscape. At different times different groups posed different problems. But somehow in the past the group problem vanished or at least caused little attention. Handicapped immigrants such as the Irish, Italian, Polish, Japanese, and Chinese assimilated, as a group, into America's great melting pot.

With group urbanization as a general benchmark, however, newer minorities—namely, blacks and Latins—have not "melted" as readily. This fact has given rise to considerable public policy discussion. Numerous legislative bills to further civil rights have been enacted. There have been thousands of cases of individual or class litigation. A plethora of federal, state, and local programs of one kind or another have been initiated, costing taxpayers literally billions of dollars. In addition, there are indirect nonmonetary costs, including the racial antagonisms generated through governmental policy to assist minorities. These antagonisms result from policies such as racial hiring quotas and the busing of children.

One of the saddest features of the problem is that society is coming to view the difficulty that today's minorities face in entering the mainstream of society as a manifestation of group incompetence. Hardly anyone acknowledges that many, if not most, of the problems encountered are due *neither* to group *nor* to individual incompetence but rather are due to the excesses of governments dominated by politically powerful interest groups. In order to see how minorities are handicapped by governmental policy, we need to recall some basic economic theorems that are probably known to most but are often forgotten in the analysis of race and public policy.

SCARCITY AND CHOICE

Economics is the study of the allocation of *scarce* resources among competing alternative uses. A key concept in that definition is scarcity (not shortage) which is defined as a set of circumstances in which human wants *exceed* the means to satisfy those wants. The means to satisfy human wants consists of the world's resources, which are finite. For all intents and purposes, however, we may consider human wants insatiable. It appears that no matter what a person has accumulated, he always wants something else. The significance of scarcity is that it requires that *choices* be made—for example, about



who shall have rights to use available goods and services. There are a number of ways to decide the question of who gets what; violence, government fiat, gifts, and market allocation are among the alternatives. Most societies, including ours, employ a mixture of these methods.

Whatever the method selected to allocate resources over competing usages, choice implies sacrificed alternatives; when one chooses to spend for a house, one forgoes the alternative of spending those *same* resources for a car. The notion of choice and forgone alternatives permits us to make an important observation about human behavior, namely, the higher the cost of the forgone alternative to acquire an additional unit of an object of desire, the fewer will be the units actually acquired. Many will recognize this characterization of human behavior as the first fundamental Law of Demand, more formally stated: Whatever quantity of any good purchased at any particular price, a sufficiently higher price will induce any person to purchase less, or the higher the price of something, the lower will be its rate of consumption. The Law of Demand is general and applies to *all* goods (objects of desire) and all societies.

Human personal characteristics are objects of desire. People do exhibit preferences for physical and nonphysical human characteristics—race, sex, religious and political affiliation, height, weight, congeniality, beauty, and so forth. All of these preferences are subject to the Law of Demand: the lower the price to indulge a preference for a personal characteristic, the higher will be the rate of indulgence, and the higher the price, the lower will be the rate of preference indulgence. In our society there are a number of laws and institutions that *lower* the cost of racial preference indulgence. More significantly, these institutions also foster other kinds of preference indulgence that are disproportionately borne by disadvantaged people as a class. It is unfortunate that in many cases the *stated* intention of laws is to help disadvantaged or less-preferred people, but the effects are to reinforce the disadvantage they suffer.

In general there are two conditions, operating singly or in combination, that give rise to a higher probability of preference indulgence. One is that there be attenuated rights to pecuniary income. The second, which is a variant of the first, is that there be restrictions on voluntary exchange—legal agreements that permit a third party to dictate or sanction the

terms of exchange. Minimum wage laws, labor laws, and licensing requirements are prime examples of such conditions. In considering the *effects* of laws that restrict exchange, it must be kept in mind, however, that a particular law can produce a racial effect without having a racial *intent.*

THE MINIMUM WAGE LAW

Federal and state minimum wage laws are acts of governmental intervention in the labor market intended to produce a pattern of events other than that produced in a free market. In practice, such legislation specifies a legal minimum hourly wage that is higher than the lowest wages that would have occurred under free market forces.

Although legislative bodies have the power to mandate a wage increase, they have not found a way to legislate a worker productivity increase. Further, while Congress can legislate the price of a labor transaction, it cannot require that the transaction actually be made. To the extent that the minimum wage law raises the pay level above the productivity of some workers, employers will predictably make adjustments in their use of labor. Such an adjustment will produce gains for some workers at the expense of other workers. Those workers who retain their jobs and receive a higher wage clearly gain. The adverse effects are borne by those workers who are most disadvantaged in terms of marketable skills, who lose their jobs and their income or who are not hired in the first place.

While the *stated* intention of many laws is to help the disadvantaged, the effects are to reinforce their disadvantages.

The effect is more clearly seen if we put ourselves in the place of an employer and ask: If a wage of $2.65 per hour must be paid no matter who is hired, what kind of worker does it pay to hire? (Actually, the cost to the employer is higher because, in addition to wages, he pays fringe benefits such as Social Security and medical insurance.) Clearly the answer, in terms of economic efficiency, is to hire workers whose productivity is the closest to $2.65 per hour. If such workers are available, it clearly does not pay the firm to hire those workers whose output is worth, say, $1.50 per hour.

The impact of legislated minima can be brought into sharper focus if we ask the distributional question, Who bears the burden of the minimum wage? As suggested earlier, the most marginal workers bear the heaviest burden. These are workers perceived by employers as being less productive or more costly to employ than other workers. There are at least two segments of the US labor force that share the marginal worker characteristics to a greater extent than do other segments. The first group consists of youths in general. They are low-skilled or marginal because of their age, immaturity, and lack of work experience. The second group, which contains members of the first group, are some racial minorities such as Negroes, who as a result of racial discrimination and a number of other socioeconomic factors, are disproportionately represented among low-skilled workers. Not only are these workers made unemployable by the minimum wage, but their opportunities to upgrade their skills through on-the-job training are also severely limited—for most people acquire work skills by working at "subnormal wages," which amounts to the same thing as paying to learn. For example, inexperienced doctors (interns), during their training, work at wages that are a tiny fraction of those of trained doctors. College students forgo considerable amounts of money in the form of tuition and income so that they may develop marketable skills. Low-skilled youths from poor families are denied an opportunity to get a start in life when a high minimum wage forbids them to pay for job training in the form of a lower beginning wage.

It is no accident that precisely these two segments of the labor force are also disproportionately represented in the unemployment statistics. Youth unemployment, even during relatively prosperous times, ranges from two to three times that of the general labor force. *Black* youth unemployment ranges from three to five times that of the general labor force and, for more than the last decade, has ranged from two to three times the unemployment rate for white youths. It is reported that in some metropolitan areas black youth unemployment exceeds 50 percent!

The economic effects of minimum wage legislation have been analyzed in sophisticated econometric studies. While there is some debate over the magnitude of the effects, the weight of academic research by economists points to the conclusion that unemployment for some population groups is directly related to such legislation and that the unemployment effects are felt mostly by nonwhites.

Most people are familiar with the more recent statistics on black youth unemployment, but not many are aware of black/white youth employment statistics for earlier periods, shown in Tables 1 and 2. In 1948, black youth unemployment was roughly the same as white youth unemployment. For that year, blacks aged 16-17 had a *lower* unemployment rate than did whites of the same age—9.4 percent compared to 10.2 percent. In the same period (until the mid-sixties), black youths generally were either just as active in the labor force or *more* so than white youths. By 1976, both the labor force participation rate and the employment rate of black youths had fallen dramatically.

Faced with these facts, one naturally asks, Why have labor market opportunities deteriorated so precipitously for black youths? Can racial discrimination explain this kind of reversal? Probably not. It would be very difficult to support the argument that employers have become more racist than they were in the past. The answer lies elsewhere—in the effects of the minimum wage law.

When a wage is legislated that exceeds worker productivity, firms will adjust their use of labor not only by hiring *fewer* youths but by seeking, among those youths hired, *more highly qualified youths.* For a host of socioeconomic reasons, white youths, more often than black youths, have better educational backgrounds and training. Therefore, the legislation of a minimum wage law can, as reflected in unemployment statistics, be expected to impose a greater burden on black youths than on white youths.

ENCOURAGING RACIAL PREFERENCES

The racial effect of the minimum wage law would exist in the *absence* of racial preferences on the part of employers. The minimum wage law gives firms effective economic incentive to seek to hire only the most productive employees. But holding all else (such as worker productivity) constant, it *also* gives firms incentive to indulge whatever racial preferences they may hold. The reason is that the minimum wage law prevents the less-preferred

worker or job seeker from offering a compensating difference—that is, selling at a lower price.

To see how the minimum wage law can raise the probability of employment discrimination, we have to recognize that *money profits* are not the only form of compensation a businessman can earn. The return from business consists of a nonmoney component as well. That is, an employer, in addition to profits, prefers what he considers desirable working conditions—plusher carpets, finer furniture, prettier secretaries, more likable employees, etc. The quantities of "more desirable working conditions" that he chooses depend on the cost (price)—as predicted by the Law of Demand.

Suppose an employer has a dislike for blacks relative to whites. For simplicity, we assume that the workers who are to be employed do not differ except by race. If there is a law requiring employers to pay the same wage, no matter who is hired, then the employer can discriminate at *zero cost.* If there were no minimum wage, however, and blacks were willing to work for a lower wage, the cost to the employer to choose whites over blacks would be positive. The cost is the difference between the wages. The market would penalize such an employer because there would be firms that would hire blacks and, through lower production costs, tend to drive discriminating firms out of business. This line of reasoning is given additional weight when we recognize that even during relatively racially hostile times, black unemployment was less and labor force participation rates higher than in "racially enlightened" times. That is, to the extent that a black was willing to and was permitted to work for a lower wage than a white, there was a positive cost to the employer to indulge his racial preference.

The notion that it is sometimes necessary for some individuals to lower their price in order for some kinds of transactions to occur is offensive to the sensibilities of many people. These people support the minimum wage law as a matter of moral conviction, out of concern for equity in the distribution of wealth. These people should know, however, that white racist unions in South Africa have also been supporters of minimum wage laws and equal-pay-for-equal-work laws for blacks. In South Africa, black skilled workers in the building trades have been willing to accept wages less than 25 percent of those wages paid to white skilled workers. Such a differential made racial discrimination in hiring a costly proposition. That is, firms who chose to hire whites instead of blacks paid dearly—$1.91 per hour versus 39 cents per hour. White racist unionists well recognize that equal-pay-for-equal-work laws would lower the cost of racial discrimination and thus improve their competitive position in the labor market.

Unions in the United States are also major advocates of the minimum wage law. While US unions may have different motivations for their actions, we must remember that the effects of behavior are not necessarily determined by and may bear no relation to its stated intent. A good argument can be made for intent, however. Economists agree that for many activities low-skilled labor is a substitute for high-skilled labor. The market power of a high-skilled worker is influenced by the availability of substitute labor. If high-skilled workers can reduce or eliminate substitutes for their services, all else being equal, they can command higher wages. A numerical example will make this clear.

Suppose a fence can be produced by using either one high-skilled worker or *three* low-skilled workers. If the wage of high-skilled workers is $38 per day and

TABLE 1.
Male Civilian Labor Force Participation Ratio by Race, Age

Minimum Wage		B/W Males 16-17	B/W Males 18-19	B/W Males 20-24	B/W Males 16 and over
	1954	.99	1.11	1.05	1.00
	1955	1.00	1.01	1.05	1.00
1.00/hr	1956	.96	1.06	1.01	.99
	1957	.95	1.01	1.03	.99
	1958	.96	1.03	1.02	1.00
	1959	.92	1.02	1.04	1.00
	1960	.99	1.03	1.03	1.00
1.15/hr	1961	.96	1.06	1.02	.99
	1962	.93	1.04	1.03	.98
1.25/hr	1963	.87	1.02	1.04	.99
	1965	.88	1.01	1.05	.99
	1966	.87	.97	1.06	.98
1.40/hr	1967	.86	.95	1.04	.97
1.60/hr	1968	.79	.96	1.03	.97
	1969	.77	.95	1.02	.96
	1970	.71	.92	1.00	.96
	1971	.65	.87	.98	.94
	1972	.68	.85	.97	.93
	1973	.63	.85	.95	.93
2.00/hr	1974	.65	.85	.95	.92
2.10/hr	1975	.57	.79	.92	.91
2.30/hr	1976	.57	.77	.91	.90

SOURCE: Computed from US Department of Labor, Bureau of Labor Statistics, *Handbook of Labor Statistics*, 1975 reference ed., pp. 36-37; and *Employment and Unemployment in 1976* (Washington, D.C.: Government Printing Office, 1975, 1977).

that of an individual low-skilled worker $13 per day, the firm would employ the high-skilled worker because costs would be less ($38 versus $39). The high-skilled worker would soon recognize that his wealth would be increased by a minimum wage of, say, $20 per day in the fencing industry. The arguments the high-skilled worker would use to gain political support for such an arrangement would be those given by George Meany: "to raise the standard of living," "prevention of worker exploitation," "worker equality," and so forth. After the enactment of the minimum wage law, the high-skilled worker can now demand any wage up to $60 per day and retain employment. The effect of the minimum is to price the high-skilled worker's competition out of the market.

Whether the example given here accurately describes the *motives* of labor unions is not at issue. It is worth noting, however, that the restrictive activities that are promoted by unions do reduce employment opportunities and therefore the income of those forced out of the labor market. This fact suggests that, as part of union restrictive strategy, there must also be support for an incomes policy. Since large numbers without jobs and income represents a potentially dangerous political powder keg, unions have incentives to support income subsidy programs—welfare, Job Corps, summer work programs, the food stamp program, public service employment, etc.—for those denied job market access. Such income redistribution in effect constitutes a subsidy to those who have restricted the markets in the first place. Income maintenance programs *disguise* the true effects of restrictions created by unions and other economic agents, by casting a few "crumbs" to those denied jobs, thereby creating a permanent welfare class.

TABLE 2.
Comparison of Youth and General Unemployment by Race (Males)

Year	General	White 16-17	Black 16-17	B/W Ratio	White 18-19	Black 18-19	B/W Ratio	White 20-24	Black 20-24	B/W Ratio
1948	3.8	10.2	9.4	.92	9.4	10.5	1.11	6.4	11.7	1.83
1949	5.9	13.4	15.8	1.18	14.2	17.1	1.20	9.8	15.8	1.61
*1950	5.3	13.4	12.1	.90	11.7	17.7	1.51	7.7	12.6	1.64
1951	3.3	9.5	8.7	.92	6.7	9.6	1.43	3.6	6.7	1.86
1952	3.0	10.9	8.0	.73	7.0	10.0	1.43	4.3	7.9	1.84
1953	2.9	8.9	8.3	.93	7.1	8.1	1.14	4.5	8.1	1.80
1954	5.5	14.0	13.4	.96	13.0	14.7	1.13	9.8	16.9	1.72
1955	4.4	12.2	14.8	1.21	10.4	12.9	1.24	7.0	12.4	1.77
*1956	4.1	11.2	15.7	1.40	9.7	14.9	1.54	6.1	12.0	1.97
1957	4.3	11.9	16.3	1.37	11.2	20.0	1.70	7.1	12.7	1.79
1958	6.8	14.9	27.1	1.81	16.5	26.7	1.62	11.7	19.5	1.66
1959	5.5	15.0	22.3	1.48	13.0	27.2	2.09	7.5	16.3	2.17
1960	5.5	14.6	22.7	1.55	13.5	25.1	1.86	8.3	13.1	1.58
*1961	6.7	16.5	31.0	1.89	15.1	23.9	1.58	10.0	15.3	1.53
1962	5.5	15.1	21.9	1.45	12.7	21.8	1.72	8.0	14.6	1.83
*1963	5.7	17.8	27.0	1.52	14.2	27.4	1.83	7.8	15.5	1.99
1964	5.2	16.1	25.9	1.61	13.4	23.1	1.72	7.4	12.6	1.70
1965	4.5	14.7	27.1	1.84	11.4	20.2	1.77	5.9	9.3	1.58
1966	3.8	12.5	22.5	1.80	8.9	20.5	2.30	4.1	7.9	1.93
*1967	3.8	12.7	28.9	2.26	9.0	20.1	2.23	4.2	8.0	1.90
*1968	3.6	12.3	26.6	2.16	8.2	19.0	2.31	4.6	8.3	1.80
1969	3.5	12.5	24.7	1.98	7.9	19.0	2.40	4.6	8.4	1.83
1970	4.9	15.7	27.8	1.77	12.0	23.1	1.93	7.8	12.6	1.62
1971	5.9	17.1	33.4	1.95	13.5	26.0	1.93	9.4	16.2	1.72
1972	5.6	16.4	35.1	2.14	12.4	26.2	2.11	8.5	14.7	1.73
1973	4.9	15.1	34.4	2.28	10.0	22.1	2.21	6.5	12.6	1.94
*1974	5.6	16.2	39.0	2.41	11.5	26.6	2.31	7.8	15.4	1.97
*1975	8.1	19.7	45.2	2.29	14.0	30.1	2.15	11.3	23.5	2.08
*1976	7.0	19.7	40.6	2.06	15.5	35.5	2.29	10.9	22.4	2.05

*Shows change in the Federal minimum wage law.

SOURCE: Adapted from *Handbook of Labor Statistics*, pp. 153-55; and *Employment and Unemployment in 1976*.

The increase in the minimum wage effective as of January 1978 will have serious unemployment consequences for youths. It has been shown that a 25 percent increase lowers employment of low-wage youths by 10-15 percent, which implies that the rise in the minimum wage from $2.30 to $2.65 per hour will decrease low-wage youth employment by 6.1-9.1 percent. This increase in youth unemployment could have been mitigated by the inclusion of a significant youth wage differential. If it wishes to bring more youths into the labor market, Congress should permit firms to hire youths at rates considerably less than the adult rate. Organized labor, however, is not even willing to permit this partial concession to economic reality, and the proposal to attach such a differential to the latest amendment of the minimum wage law was defeated in Congress.

Taxpayers are no doubt going to be called upon to support massive federal make-work projects to employ the nation's youth. Or, more tragically, millions of youths will become discouraged and permanently drop out of the labor force. Even worse, some of these youths will turn to various forms of antisocial behavior.

LABOR MARKET MYTHS

Before turning to some other restrictions that work to minorities' disadvantage, it is appropriate to comment on some widely accepted labor market myths.

• *If teenagers are allowed to work at subminimum wages, they will be employed while their parents go unemployed.* This is an example of the "lump of labor fallacy." It assumes that there is a finite

number of jobs available, such that the acquisition of a job by one person of necessity requires that another lose his job. This is nonsense. After all, the number of people holding jobs grew from less than a million during colonial times to *over 90 million* today. All evidence suggests that this trend can continue. While there may be some substitution, the overwhelming effect of subminimum wages would be that of increasing *total* employment.

• *The employment problem faced by youths and others is that there are simply no jobs available.* If this myth is accepted at face value, it is the same thing as saying that all human wants have been satisfied, that no one anywhere wishes to have more of some good or service. Again, nonsense. The quantity of labor employed, just as any other thing of value, conforms to the law of demand; the higher its price, the less it is used, and vice versa. What people mean is that at some *particular wage* there are no jobs available. Nothing is strange about this observation, because at some particular wage *anyone* will find that his labor is not demanded.

• *Many people are unemployed because they are low-skilled and have few qualifications.* Low skills explain low *wages,* but not unemployment. A person is qualified or unqualified only in a relative sense—relative to some wage. A carpenter who is *qualified,* and hence employable, at a wage of $4 per hour may be *unqualified,* and hence *un*employable, at a wage of $10 per hour. This idea applies to *anything.* A Sears suit is "unqualified" to sell for the same price as a tailored Pierre Cardin suit. Of course, if an organization of carpenters can through legal institutions require that employers pay all carpenters hired a wage of $10 per hour, they artificially disqualify and make unemployable the carpenter who was formerly qualified and employable at the wage of $4 per hour.

The notion of artificial disqualification has direct application to the problem that minorities face in the labor market. Would anyone be prepared to argue that blacks during earlier times had more education and training than blacks in present times and that is why they had higher employment rates? No, the real reason is that through the political mechanism (perhaps without intent) many blacks have been artificially disqualified.

• *High youth unemployment reflects the "baby boom" of the post-World War II era.* This myth reflects a misunderstanding of the basic laws of supply and demand. Given a demand, an increased supply of labor (or for that matter anything else) results in lower prices in a free market. It just happens that the labor market in the United States is not free.

• *Widespread automation is the cause of high unemployment rates among a large sector of the labor force.* This myth reflects both a kind of amnesia and the lump-of-labor fallacy. First, higher wages are the cause of automation. When wages rise relative to capital costs, firms have incentives to substitute capital for labor. For example, when elevator operators negotiated a higher wage, a few years later we saw widespread installation of automatic elevators; as grape pickers negotiate higher wages, we see the transition to grape-picking machines. Second, this myth is the lump-of-labor fallacy because it asserts that society has no use for the labor displaced by automation.

These labor market myths have maintained their popularity down through the ages primarily because they have been self-serving for particular interest groups and because many people are decent and have legitimate concern for their fellow man. Truly *compassionate* policy, however, requires *dispassionate* analysis, which shows the error of these and other labor market myths.

UNIONS AND MINORITIES

To understand the impact of labor unions on minority employment opportunities requires a brief discussion of the sources of union power. The typical person views the union's struggle for higher wages as a conflict where employers are on one side of the battlefield and employees on the other side. Created by labor unions, this myth is revealed as such when we analyze the causes and sources of union power.

The ultimate source of unions' power stems from their ability through the strategy of strikes to deny labor services to individual employers or whole industries. Union strikes, as a tool of negotiation, will be effective only if unions can control all potential workers of a particular firm or industry. Without this kind of control, a firm struck by a union could simply replace union workers with nonunion workers, thus reducing unions' power to force wages to a level higher than that dictated by the market.

Therefore, union power primarily rests on its ability to *coerce and collude against fellow workers.* Coercion is necessary because not all workers will find it in their best interest to support union activity. Higher wages secured by the union will give firms inducement to hire less labor, and those workers who would be unemployed as a result will have little incentive to support union activity. This means that strictly voluntary unionism could not win the support of all workers because those workers who would be unemployed as a result of higher wages would agree to work for a lower wage. Therefore, to achieve their principal aims unions must obtain complete control over the supply of labor to a firm, for which purpose there are a number of methods.

• *Moral suasion.* One way that control is achieved is through psychological and moral pressure that promulgates the erroneous belief that union activity benefits *all* workers. As seen above, it does not. A related aspect to this method of achieving control is the creation of the myth that unions have raised the standard of living to a level otherwise unattainable. Unions frequently point to periods in history in which wages were low and working conditions poor, but they fail to acknowledge that during the periods to which they refer worker productivity was also low. Technological progress that enabled workers to have higher productivity led to the gradual improvement in both pay and working conditions.

To say that there are simply no jobs available is to say that all human wants have been satisfied.

• *Closed shop.* In some areas of employment there are *closed shop* union agreements whereby employers are allowed to hire only those workers who are union members or are acceptable to the union. In other areas of employment there are *union shop* agreements whereby an employee need not be a union member to initially get the job but must become a member within 30 to 60 days. Both of these arrangements contribute to the maintenance of effective strike power in that the union has control of the labor supply.

• *Violence.* Force, the threat of violence, and intimidation are other ways that unions force recalcitrant employees and employers into line. History is replete with episodes of union violence, and the courts

have sanctioned activities that would have been considered criminal if done by the average citizen. For example, in *Apex Hosiery* v. *Leader* (1940), the Supreme Court held that a striking union could seize a company's plant and stop outgoing hosiery shipments without violating the law. The court said that the restraint imposed by the union was only *incidental* to the legitimate purpose of advancing the union's own interest.

If unions are effective by these methods, wages will tend to be higher in the unionized sector. Naturally, workers will be attracted to the higher-wage sector. Therefore, unions will be faced with a flood of would-be union members. If unions offered membership on equal terms to all workers, they could not maintain the higher wages that they won and at the same time have all of their union members employed. Therefore, the union must devise a rationing system for membership.

First, it must be recognized that union membership rights are not sold on the market to the highest bidder. Thus, union membership will be based on *noneconomic* criteria. Noneconomic or personal characteristics of the worker that unions can employ to ration membership, include race, sex, political affiliation, age, education, experience, and personality. Unions also use probationary periods as a way to ferret out those workers who may be prone to violate union codes of conduct. This, too, restricts entry to the union.

UNION DISCRIMINATION

Even a cursory review of the labor movement in the United States demonstrates how organized labor, with but a few exceptions, sought to exclude Negroes and other minorities from many job markets. Exclusionary devices have ranged from union charter provisions that restrict membership to "white only" and violence against minority workers, to collusive licensing agreements between labor organizations and the State. In fact, past Negro leaders almost unanimously condemned unions. Booker T. Washington was a life-long foe of trade unions, and W. E. B. DuBois called them the *greatest enemy of the black working man.* Union discrimination against minorities needs no documentation here. Instead, we need to understand how our labor laws and institutions make union discrimination more likely and more costly to minorities.

The 1935 National Labor Relations Act gives the government's sanction to several practices in addition to those mentioned earlier that produce a racial effect. The practices that tend to be the most discriminatory are those exemplified in the contract construction industry, namely—

- *Subcontracts.* Construction contracts are generally let to one or two general construction contractors. These contractors usually subcontract their work out to specialty contractors who hire their labor from union hiring halls.
- *Union referral.* Most workers in the construction industry have no seniority with a single employer as such. Workers are hired by one employer, and after the job is finished they return to the union hiring hall for a new assignment.
- *Territorial and work jurisdiction.* Each craft union has jurisdiction that places limitations on the type of work and numbers of men assigned to a project; for example, a carpenter is not allowed to operate an elevator. Employers (contrac-

Blacks and the Market

Not too many years ago, the NAACP probably would have repudiated Walter Williams' conclusion that many governmental policies hamper, rather than help, minorities—but not today. The Black Caucus in Congress may continue to toe the standard liberal, welfare-state line; but elsewhere, changes are under way.

In January 1978 the 70-year old NAACP not only took a stand against the Carter administration's energy policy but announced a new direction: henceforth it will look at public policies, present and planned, with an eye to determining their effects on blacks' well-being and economic growth. The flurry of media reactions was almost more interesting than the NAACP's move itself. According to various reports—and accompanying cheers or hisses—the NAACP had defected to the libertarian/conservative side by embracing the free market or had ("obviously") been coopted by big business. Apparently, neither story holds up. The NAACP's January statement opposed Carter's energy program for being conservation- rather than growth-oriented and maintained that economic growth is in blacks' long-run interest; but it did not take a specific position on oil and gas price deregulation, nor did it flash the free market banner per se. And, while several members of the NAACP's energy committee work for energy companies, only one percent of the association's contributions come from such companies; only ten percent, from business in general.

The really significant fact is that the NAACP has declared its independence of the liberal-labor coalition and has decided to focus on economic issues. As Chairman Margaret Bush Wilson said to a *Wall Street Journal* editor, "It all comes down to economics. We don't know much about it yet, but we're going to find out." Walter Williams reminds us that passionate concerns—about the plight of minorities, for example—require "*dispassionate* analysis." Perhaps the liberal reaction has been one of dismay because the liberals have good reason to suspect that solid economic examination will show the superiority of the free market.

The American Association of Blacks in Energy has also registered its opposition to current governmental proposals for energy consumption and production. Black professionals and executives in the energy industry formed the AABE (financed by its members) in 1977 in response to the Congressional Black Caucus' cool reception of the views of a number of the AABE's members.

In a statement picked up in the February 16 *Wall Street Journal*, AABE Chairman Clark R. Watson detailed what he unhesitatingly referred to as facts—that government programs directed toward minorities have "failed dismally"; that black professionals are nowhere to be found in the Department of Energy, in contrast to the private energy sector; that federal programs discouraging domestic production of oil and gas shrink business and employment opportunities for blacks. Yet these plain facts go unappreciated by "certain national organizations purporting to represent blacks in service or elected capacities." These organizations take advice from outside the black community, and that advice, Watson notes, "usually comes from persons whose careers are dependent on welfare/socialism types of programs and who feel threatened at what they see as an eroding source of power—their 'poor minorities.'"

Watson's conclusion is strong indeed. "Economic parity for black Americans," the AABE's prime goal, "can only be accomplished with the existence of a healthy, vibrant free marketplace uninhibited by artificially low and unrealistic pricing schemes which only prolong the day of reckoning. These are facts."

tors and subcontractors) are allowed to hire workers only from or through the union having the work and territorial jurisdiction.

The laws and customs in the contract construction industry also permit contracts to provide that unions have the first opportunity to fill job vacancies and that preference be given to employees employed in the industry before a certain date, to graduates of training programs operated by the union, and to "qualified workers."

These arrangements in the construction industry (particularly in force in the commercial building sector of the industry) make exclusion a quite likely, low-cost, and easily policed activity. Moreover, the existence of the union referral system makes it difficult for employers to hire minority employees while at the same time honoring their collective bargaining agreements with contract construction unions. Where employers are permitted to hire workers independently of union hiring halls, in order to comply with federal affirmative action requirements, minority craftsmen are often given only work permits by the union that sanctions employment. These permits do not entitle the worker to union seniority rights, pension, and other work benefits.

The fact that unions discriminate against Negroes, in and of itself, would not be an important determinant of economic opportunities for Negroes. What *is* important is the politically obtained union power to use government coercion to enforce the exclusion of nonunion members from particular parts of the job market. That is, if unions could not control access to jobs, the fact that they discriminate in membership would mean little to minorities.

LICENSURE

Entry into certain occupations is regulated by law. Licensure laws and certification requirements, though having some social merit, nonetheless act to limit entry to occupations and hence reduce employment opportunities. They thus constitute yet another form of market entry restriction that produces effects disproportionately borne by youths, minorities, and other disadvantaged people. Market entry restrictions by licensing are rife in the American economy. The taxicab and trucking businesses provide examples of the effects of such restrictions on economic opportunities for minorities. Neither has high initial capital costs relative to other undertakings, and neither requires high skill levels. Therefore, the only reason for a relatively small minority participation in these activities is the artificial barriers to entry.

In the taxicab business, entry is restricted through often prohibitively high legal requirements. For example, in New York and Boston, a license fee, which sells for $42,000 and $25,000 respectively, must be purchased for each vehicle operated as a taxicab. In Philadelphia, a certificate is required. The Board of Commissioners, in Harrisburg, sits to decide whether or not to issue a certificate based on whether they think the community "needs" more taxi service. For the last few years, they have decided that Philadelphia already has adequate taxi service, because they have not issued a single certificate. In Los Angeles, the city used to grant Yellow Cab Company an exclusive franchise whereby no other taxicab company could pick up passengers within the city limits.

In Washington, D.C., the story is quite different. Fee requirements are nominal—less than $200. As a consequence, Washington has more taxis per capita than any other American city, the price of taxi service is low relative to other cities and the service received by patrons better, *and* black taxicab ownership is high relative to the black population.

Another potential business for minority entry is the trucking industry. Here too, however, there are significant entry restrictions. To own and operate a truck for the interstate transportation of goods requires that one receive a certificate from the Interstate Commerce Commission (ICC). A certificate will be granted if the entrant can prove that he can provide a service that no other trucker is currently providing. If the entrant *only* offers to provide a better service at cheaper prices, he will be *denied* a certificate. In a recent Illinois crackdown on truckers transporting goods without having certificates, the majority of those arrested were black truckers. Additionally, the fact that there are very few blacks licensed to be common carriers (though some have applied) points up the adverse racial effects of the regulations in the trucking industry.

The market entry restrictions cited here, and in general, are not racial in their stated intent. To the contrary, the stated intentions are those of high social "ideals" such as "orderly markets," "fair prices," and "fair returns." Whatever the stated intentions of the regulations, the effects are racial to the extent that these market restrictions discriminate most against latecomers, poor people, and those without political clout. Minorities are disproportionately represented in such groups.

Booker T. Washington was a life-long foe of trade unions, and W. E. B. DuBois called them the greatest enemy of the black working man.

STRATEGIES

There are many other areas of economic and social life where the law, "the rules of the game," produces adverse effects for minorities. Housing, education, and police services come to mind. Enough has been said, however, to demonstrate that certain racially "innocent" laws spell disaster for some segments of the population. The attribute that is common to all of these laws is that they place restraints on voluntary exchange in a way disadvantageous to minorities.

In the light of some of the government-sanctioned restraints discussed here, perhaps one of the best strategies to raise the socioeconomic status of Negroes as a group is to promote a freer market. The welfare of minorities can be improved if fewer of the decisions influencing their daily lives are made politically. One must recognize that in the political arena the decision-making criterion approximates *majority* rule. Almost by definition, competition in the political arena is such that a *minority* group is going to be most handicapped. While occasionally the majority will take measures that will benefit minorities, I suspect that most often the majority will act in ways that it perceives as being in its own best interest,

(*Continued on p. 38.*)

Walter Williams is professor of economics at Temple University. This article is adapted from Policy Review, *by permission of the author and the Heritage Foundation.*

DEBUNKING

by W. Phillip Gramm

Civilizations don't die by exhausting their resources. They die by consuming the institutions that made their vitality possible.

THE DOOMSDAY PHILOSOPHY has more credibility today than it's ever had in the history of mankind. Why that's so is difficult to determine, but no doubt the computer has given new credibility to a type of prediction that is thousands of years old. It's important to realize that all doomsday philosophies have a central scientific core in that they are based on data—or at least purported data—about the world. So we find doomsday philosophies accompanying the rudimentary beginnings of science in the time of the ancient Greeks.

The Greeks viewed the world as possessing a fixed stockpile of resources, and they viewed man's role within this conception as one of adaptation. When man was successful at adapting, he had prosperity and plenty, and when he was unsuccessful he faced hardship and starvation. And using this conception of the fixed stockpile of resources, man has throughout history predicted doom for mankind.

The ancient Athenians, for example, were very concerned about what would happen to the resource base in ancient Greece if the other city states approached the level of living that had been achieved in Athens. Our best economic and anthropological estimates are that, when this concern was a hotly debated topic in Athens, per capita income was eight or ten dollars per annum. Yet the Athenians were probably right in their concern that, given their resource base defined by their technology, it might have been difficult, if not impossible, for the other city states during that period to achieve Athens' level of living.

GLOOM AND DOOM

Using this basic concept of a fixed stockpile of resources as a fundamental assumption about the world, we've seen numerous predictions of doom. Economics has been in the forefront of these predictions—ranging from the new forecasts of ecological collapse to the old Malthusian predictions that we would see exponential growth in population, arithmetic growth in the means of production, and thus ultimate starvation. Of course, Malthus never foresaw the great technological innovations in agriculture and therefore never envisioned the possibility that someday a foolish government might pay people not to grow food.

All the predictions of doom floating around have basically three things in common. One, they assume a fixed stockpile of resources. Two, they assume that technology is either fixed or bounded. Three, all of these predictions that have had a timetable which has elapsed have proven to be wrong. And they've failed to materialize for a fundamental reason: the basic premise is false. Resources are not fixed.

What practical man has known and proven for thousands of years, modern science in this century has finally realized. *Resources are not fixed.* They are a function of science and technology. Man creates resources like he creates everything else—by rearranging what he finds in nature. As science and technology progress, new resources are born and old resources die. We need only remember that for the man who ran naked in the forest, the only mineral resource was a stone. Of course, by learning to sharpen that stone he increased his resource state a millionfold. And we, by using resources—mineral resources in particular, which to the man running in the forest were valueless—have been able to walk on the moon. Whether or not that was a productive exercise, it was a tremendous technological achievement.

What this indicates is that there are only two constraints on the resources available to us. One is the limit to our imaginations, but we really shouldn't be particularly concerned about this constraint, because very little that has ever bound society has been caused by its pressures. There is every reason, however, to be very concerned about the second constraint—the limits on our freedom of action.

If one looks at historical experiences, nations and civilizations do not die by exhausting their resource base. Nations and civilizations die by consuming their institutions, by destroying the process that has historically provided the incentive for civilizations to arise and flourish and for people to solve problems. So it seems difficult to believe that the fundamental problem in the American economy today is an energy depletion problem. It seems more likely that the energy problem, "the energy crisis," is simply a manifestation of another problem, a very real problem, in society.

THE PRICE STORY

In fact, there is no evidence whatsoever to substantiate on a historical basis the contention that we woke up in October of 1973 and found the world had run out of petroleum products. There is no radical change to be seen in the factors that economists have to rely on to judge the economic scarcity of a resource. History has seen its "resource crises," and by studying them economists have discovered a traditional price pattern for a resource that is becoming exhausted in an economic sense. First, there is a prolonged period of increase in the price of that resource relative to the general increase in prices. Such a process continues until the same creative genius that is at first diverted to trying to augment the supply of the diminishing resource finally is transferred to producing an alternative to that resource and ultimately destroys its market.

DOOMSDAY

The history of the whale oil crisis is a perfect example of the exhaustion of a natural resource in an economic sense—exhaustion to a point. There were clear indications by 1800 that whales were being killed more rapidly than they were replenishing themselves, and by 1820 it started to show up in price. Then, over a 40-year period there was a sustained, consistent increase in the price of whale oil. Whale oil increased 400 percent in constant purchasing power dollars. And it elicited the standard consumer response and called forth the standard producer response—tremendous technological innovation in the whaling industry. Production in the industry increased 1,000 percent in these 40 years, despite clear evidence that fewer whales were available in 1860 than in 1820. The rise in relative price year after year triggered a transformation of investments in the whaling industry and, ultimately, in the energy industry, so that we see man moving from the Arctic Ocean to Pennsylvania, looking for a *new* energy resource.

Now, if one looks at the price pattern of energy in the American postwar period, it does not fit the historical pattern of resource exhaustion. If we take the prices of energy resources consumed by the American public—gasoline, heating oil consumed directly, and natural gas—and we weight each of these prices by the amount spent by the public on them, we can create an energy price index much as the Bureau of Labor Statistics calculates a consumer price index. If we then take this energy price index and deflate it by the wholesale price index, we get real energy prices, adjusted for the increase in the general price level. So we can look at what happened from 1950 until the Arab embargo.

On a five-year basis, this is the pattern: from 1950 to 1955 real energy prices fell 3.1 percent. From 1955 to 1960, real prices fell 3.9 percent. In the next period they were down 6.5 percent, and in the next, 8.1 percent. And from 1970 to October 1973 real energy prices fell by 9.4 percent on a five-year basis. This is not the price pattern of a resource becoming depleted in an economic sense. Quite the contrary. It's the price pattern of a resource becoming more *abundant.* What happened with the Arab embargo was the imposition of political constraints that reacted with a deep-seated problem that had been building in American energy production for two decades and, in the process, triggered a worldwide energy problem. But this is a far cry from the traditional price pattern of the economic depletion of a resource.

CHEAP ENERGY

There is no doubt that the petroleum era will come to an end—but not because we've run out of petroleum. The era will come to an end because as we begin to press up against economic constraints we will, if individual initiative is maintained, experience the kind of stimuli that can function through the system to engender the creation of a new energy resource, or a myriad of new energy resources. So we must totally reject the notion espoused by President Carter and the president of Exxon and the great bulk of the petroleum industry—that the age of cheap energy is over. There is absolutely no historical evidence to suggest that. In fact, the evidence is that, in the whole energy-consumption history of mankind, there has not been a new energy resource that in terms of a fundamental measure of constant value did not ultimately turn out to be cheaper than the previous energy resource. New energy resources come on line only when they're cheaper than old energy resources in terms of new technological development—at least in a society that allows any semblance of a market system to function.

We must totally reject the notion espoused by President Carter and the president of Exxon—that the age of cheap energy is over.

Our "energy problem" is not that we are running out of petroleum—or "cheap energy." The real problem is that we have not let the market system work. We have stifled the production of energy in the United States. There has been a great deal of discussion about the impact of Federal Power Commission price controls on natural gas; how this has stifled the development of a cheap and clean-burning domestic fuel; how by maintaining an artificially low interstate price, the consumer in the Midwest and Northeast has gotten away with paying lower prices than the Texas consumer. The last is political rhetoric and nonsense. They *should* be so lucky to pay $2.25 per thousand cubic feet for the natural gas. The really significant result of the artificially low prices for natural gas is that they have been forced to buy substitutes that have cost them as much as $6.25 per thousand cubic feet. In the recent past the pipelines going into the Northeast have been 15 percent empty, which is by no means a measure of the real shortage of natural gas in the Northeast Just to make up for the shortage—in buying synthetic gas, in buying liquified Algerian gas, and in buying heating oil—consumers there have spent more money to make up that 15 percent shortage than they spent to buy the 85 percent of natural gas that was delivered. In reality, FPC regulation of natural gas prices, like every price ceiling ever imposed in the whole history of mankind, drives up prices to the American consumer, stifles technological development, and benefits in overall economic terms only those who produce more expensive fuels than natural gas.

BREAD AND ENERGY

Similar considerations apply to the petroleum industry, to environmental restrictions that have held up drilling in the continental shelf, to the Alaska pipeline, to the lag in licensing of nuclear reactors. All point to the conclusion that the real constraint that we face—and probably the most serious constraint that faces the American people today—is a constraint on our initiative and a constraint on our freedom of action. We *could* face a real

(Continued on p. 38.)

"PIGS, GET OUT OF CAMBODIA!" demand the red words sprayed on a concrete wall next to the student housing center at Goethe University in Frankfurt, Germany. A passerby might think that the shrill demand referred to the Khmer Rouge, the zealous Marxist revolutionaries who have been feverishly ripping apart the social fabric of Cambodia with no regard for the human cost and who, according to a consensus of news reports, have already rung up the sum of over one million lives on the cash register of human currency. (This deliberate decimation of Cambodia's population should not be confused with the current armed struggle between Vietnam and Cambodia.) But as the phrase comes into clearer focus, its faded paint betrays it as a vestige of the student protests against the now-concluded American involvement in Indochina.

SELECTIVE INDIFFERENCE

Further inspection of the campus discloses that energetic efforts are still being made to raise the political consciousness of the student body and faculty; fresh political posters and scribblings appear ubiquitously in hallways, in classrooms, on billboards, and on the sides of buildings, with condemnation of such regimes as those in Chile, Iran, and South Africa among the many themes. Nowhere are there to be seen any posters or scribblings protesting the genocide in Cambodia, however.

Far across the ocean in the United States at another major institution of higher learning—the University of California at Berkeley, which also has a reputation for political activity but where political sloganeering is more modestly posted—there is the same glaring absence in the visible signs and posters of any reference to the Cambodian tragedy. Oddly enough, both of these schools have been widely regarded as liberal and progressive and were hotbeds of protest against the killing in Indochina during the sixties.

Of course, indifference to the recent carnage in Cambodia has been the prevailing mood of the world in general and has not been limited to the campuses of these two universities. But it is especially troubling to have to note, as well, how lackadaisical the liberal community on the whole has been in its response to the Cambodia question, for it is this group that has been the most widely identified with the cause of human rights. Furthermore, it is the liberal community that at the present moment in the case of Chile, Rhodesia, and South Africa is expressing the greatest outrage over the abuse of human rights. Certainly, there is no comparison between the scorn and outrage it has heaped on the regimes in these countries and what it has accorded the Khmer Rouge. The question necessarily arises, then: Just what do the terms *liberal* and *progressive* mean if they do not indicate active, vocal compassion for such a severely brutalized people as the Cambodians?—a question that must trouble more than a few discriminating minds today.

SPIRITUAL HORROR

The world's ho-hum response to the Cambodian bloodbath reveals the horrifying subservience of morality to politics.

by Louis Segesvary

The foreign secretary of Great Britain, David Owen, recently observed that "the world ought to be more concerned about what's going on in Cambodia," but, regrettably, he has not assumed any responsibility for generating such world concern. Nor have any other of the world's leading politicians, including two of the public figures most prominently identified with the cause of human rights, President Carter and his UN ambassador, Andrew Young. Henry Kissinger did report to the public twice on the atrocities in Cambodia. But as Ernest W. Lefever noted in a *TV Guide* article, "The Cambodian Blood Bath and the Great Silence": "It took two explicit atrocity reports by Secretary of State Kissinger to get the attention of the networks. His May 13, 1975 statement appeared in several papers. His June 24 report was noted briefly by TV and the papers, but it was not followed up by either."

Two individuals, John Barron and Anthony Paul, *have* responded passionately to the holocaust in Cambodia. In the *Murder of a Gentle Land* they have compiled evidence of the systematic elimination of over one million people and presented it to the world in the hope of generating a moral reaction to the carnage. (A condensation appears in the Feb. 1977 *Reader's Digest*.) Unfortunately, this crucial book has not had the impact on world opinion that it deserves. Indeed, a reviewer for the *New York Times*, Paul Grimes, was actually offended by the authors' entreaties for some kind of response. His review offers a glimpse of the moral incoherence that is so much a part of our times and has been such an important factor in generating a spiritual devaluation of the Cambodian tragedy.

PROPAGANDA?

Mr. Grimes begins by acknowledging the factual credibility of the information supplied in *Murder of a Gentle Land*.

> Evidence abounds that for more than a million Cambodians the aftermath of the 1970-75 war in their country was worse than the fighting. Refugees have provided nightmarish accounts of harshness under Communism: starvation, forced movement of hundreds of thousands of people, and mass slaughter—much of which was indiscriminate and with little if any provocation. For the first time, much of this evidence has been combined in a book for Americans—a major undertaking—and the result is a book of importance.

But at this point, Grimes finds it necessary to express misgivings about this admitted "book of importance." What are these misgivings? Simply that the authors had added to their documentation certain "embellishments," including an "appeal for moral force."

> It would have been a better book however, if the authors, two editors of *Reader's Digest*, had let their evidence stand alone, without embellishment by them. . . .
>
> So what purports to be—and essentially is—a grinning [*sic*] documentary is tarnished by a needless, meaningless appeal for moral force.

illustration by Audrey Brewer

It is tarnished by the propaganda implicit in the color of the book's cover and dust jacket—red. It is tarnished by the propagandistic language: "master" (page 188) and "pogrom" (page 191) to give two examples. It is tarnished by the title, "Murder of a Gentle Land"; what, indeed, is a "gentle land," and does the commitment of genocide necessarily mean that the perpetrators want to eliminate an entire country?

Yes, they have been brutal, but in their own way the Communists clearly wanted to rebuild Cambodia. In doing this, they felt a need to destroy first, and their methods were horrible. The stories told by the refugees bring all this out, and there is no need for the authors to add to them.

Embellishment weakens, not strengthens, the book's credibility. The authors are to be censured for exhorting people, as they do in their preface, "to halt the ongoing annihilation of the Cambodian people and to spare the world a repetition of their tragedy."

May Mr. Grimes, just as the straw man in the *Wizard of Oz*, eventually find a heart, for at the present moment he evidently lacks one. To say that the book is "tarnished by propaganda" because the authors use the words *master* and *pogrom* and because the title includes the word *murder!* Woe, then, to anyone who would describe the brutalization of innocent people anywhere in the world if Mr. Grimes' standards are to prevail! Would it be "propaganda," for example, to describe Idi Amin of Uganda as a murderer, a tyrant, a fearful *master*? And was President Carter playing the role of "propagandist" not long ago when he said some rather unflattering things about Idi Amin? What are the Khmer Rouge if not "masters" of Cambodia? And what is a "pogrom"? According to *Webster's*, it is the "organized massacre of a helpless people, spec. such a massacre of Jews." While the term has been especially identified with the massacre of Jews, the implication is that it has acquired the meaning of massacre in general, as well, since *pogrom* is listed as a synonym for massacre.

Whatever the semantic objections, however, the point is that well over one million Cambodians have been mercilessly massacred, so why are the authors to be reproached for invoking such a descriptive image as *pogrom*? With regard to the title, Grimes can rightfully object, as it is true, that the entire physical body of Cambodia's population has not been put to death—only one-sixth of it has. But it is unfortunate that his imagination is so limited that he cannot conceive of the spiritual "murder" of a nation, and in this sense Cambodia has surely been murdered or at least disfigured beyond recognition. Perhaps this latter description of radical disfigurement would have tickled the sensibilities of Mr. Grimes to a happier reaction.

He is upset because the authors "appeal for moral force." "Just what do they expect the world to do," he asks, "given Cambodia's almost total self-isolation since the Communists took full control there in April 1975?" Well, it is possible that the world could do more than sit on its hands and, as it is informed about the murder of over one million people, act as if it were blind, deaf, and dumb. What Grimes apparently cannot see is that the authors are appealing to world opinion for an expression of indignation. Could it be possible that he does not understand the elementary fact that outrage is a powerful force in world affairs, that it is world opinion, for example, that has been playing such a powerful role in leading Rhodesia to accept the concept of one man-one vote?

As it is informed about the murder of over one million people in Cambodia, the world could do more than act as if it were blind, deaf, and dumb.

Worldwide outrage over the genocide in Cambodia could generate enough pressure to force the United Nations to at least face the issue and possibly shame the Khmer Rouge into ceasing its brutality. It is one thing to commit a crime in secret, in the darkness; quite another to do so when all the eyes of the world are staring at you angrily. Mr. Grimes cannot seem to accept the elementary moral proposition that we—all of us who consider ourselves human beings—have a responsibility to express moral indignation and generate public pressure in every way that we can to halt the brutalization of innocent people, whoever and wherever they might be. For the authors to make an appeal for "moral force" is hardly an "embellishment" but a summons to the most humanly responsible behavior possible in the face of the monstrous cruelties that have been taking place in Cambodia.

MEDIA SILENCE

In a Christmas article for the *St. Anthony Messenger* entitled "Personal Religion Is Not Enough," UN Ambassador Andrew Young made a number of observations about helping the downtrodden of the earth. If his words mean anything at all, then they also apply to the Cambodian holocaust. Diplomatic protests, widespread coverage in the media, a resolution before the UN General Assembly condemning the genocide, like the one recently condemning Chile (perhaps Ambassador Young could sponsor it)—are not these minimum responses to massive human tragedy? But how have we responded to this tragedy?

In his *TV Guide* article, Lefever discusses the failure of the media and world opinion to resoundingly condemn the genocide in Cambodia. For example, he points out:

> . . . in the first 20 months following the "liberation" of Cambodia, the ABC, CBS, and NBC evening news shows spent a total of four hours and 55 minutes covering Cambodia but only 7 percent on the blood-bath. The three shows combined gave one minute of news a month to the purge that in terms of relative population exceeded the slaughter of Hitler's and Stalin's concentration camps. The attentive viewer—able to watch only one channel at a time—received only twenty seconds a month from the medium American citizens rely on most for their news.

Equally appalling was the skeptical and even apologetic tone of most of the early stories. The May 8, 1975 reporting was typical; ABC says blood-bath theory is widely believed by refugees; *New York Times* newsman Sydney Schanberg suggests Americans have stake in blood-bath theory. ABC and CBS report the Khmer troops are well disciplined.

The near absence of Cambodian blood-bath news on TV was not

attributable to a lack of evidence. Among the 50,000 Cambodians who escaped, there are thousands of eyewitnesses. And some enterprising newsmen did interview them.

Lefever goes on to report that the American newspapers didn't perform quite as poorly as television news but that, of 63 stories examined, "it appears that only one hit page one, on Feb. 2, 1976, in the *Washington Post.* As on TV, only a few press stories carried the blood-bath story without misgivings or apology." He also notes that:

> the blood-bath, the very essence of human-interest news—when carried at all—was treated more frequently in signed opinions and editorials than in the news columns. To their credit, *The New York Times,* the *Christian Science Monitor,* and the *Wall Street Journal* reported and condemned the blood-bath. On July 9, 1975, *The Times* compared it to the "Soviet extermination of the Kulaks (and) the Gulag Archipelago." [Is this more propaganda, Mr. Grimes?] The *Journal* said: "The enormity of this kind of atrocity...is mind-numbing" and asked why the "weak outcry from the usual wellsprings of moral outrage around the world."

In its January 23, 1978, issue, with a cover article entitled "Horror in Cambodia," one of the two largest mass circulation news magazines in the United States, *Newsweek,* finally accorded the Cambodian tragedy the coverage it deserves—one year after the appearance of the condensation of *Murder of a Gentle Land* in the *Reader's Digest* and almost three years after Secretary of State Henry Kissinger's first atrocity report (May 13, 1975). Strangely enough, however, the article makes no mention of the work of Anthony Paul and John Barron. It is as if their extremely important book, which a year earlier had compiled the evidence of genocide (including an estimate of the extent of the carnage, which the *Newsweek* article did not provide) did not exist.

It is disturbing to have to note that, with all the evidence that has been available for such a long period of time, only belatedly did a major American news magazine decide to broadcast the news in no uncertain terms. What would have happened if *Newsweek's* front-page coverage had appeared a year earlier, in the same time frame as *Murder of a Gentle Land*? Certainly *Newsweek* had the same, if not better, opportunity and means to compile the information about the events in Cambodia that Anthony Paul and John Barron presented in their book.

IN THE NAME OF REVOLUTION

Notwithstanding this much-needed coverage by *Newsweek,* the "weak outcry from the usual wellsprings of moral outrage around the world" has been and remains very much a disturbing fact with which to reckon. The outcry has simply been too weak when juxtaposed to "the enormity of this kind of atrocity." Consider *Newsweek's* comment in an earlier issue, in reviewing the diary of Joseph Goebbels and in reference to his calls for the elimination of Jews, that "more than 30 years later, the world still shudders." But why hasn't the world been shuddering about Cambodians? Will it ever really shudder, or will it just shrug its shoulders? When will Ambassador Andrew Young bring the matter up in the United Nations? Or will the world's response be the same as it was during the Hungarian Revolution in 1956, when Albert Camus depicted the nations of the world as ones "who would spare [the Hungarians] neither applause nor pious tears, but who would go back at once to their slippers by the fireside like a football crowd on a Sunday evening after a cup final"? That is the question.

It comes as a special disappointment to see the liberal community compose the music of world politics as if inequality were the leitmotif.

The *Wall Street Journal* has suggested that "the crimes of the Khmer Rouge, even though they dwarf some other state crimes of our time...have attracted less attention because they are inflicted in the name of revolution." There is no doubt truth in this observation, for ever since the French Revolution the world has become conditioned to associate revolutions with the cause of human rights. The French Revolution, the two Hungarian revolutions of 1848 and 1956, and the American Revolution were all popular opposition to reactionary regimes. By 1918 revolution and human rights had become so identified in the public consciousness that in Russia, after the minority Bolshevik Party overthrew the democratically conceived Duma in the name of revolution, the policies of Lenin and Stalin were accorded considerable sympathy for quite some time in spite of the steady leaking out of horror stories.

Times have changed, however, and we should know better. Through the impact of the electronic mass media we live today in a "global village" of sorts, and there is too much information now readily available to evade the whole truth about such a self-styled revolutionary movement as the one in Cambodia. This information cannot be brushed aside as if it emerged from mere rumors, unconfirmed reports, and suspicions. And it is utterly impossible to equate the carnage in Cambodia with the deaths and executions resulting from revolutionary fighting and reprisals in such cases as the French and Hungarian revolutions. In Cambodia, for example, the entire population of the capital, Phnom Penh, including the sick and crippled, was driven into the jungle, where the people perished by the thousands. Only the most callous minds could remain indifferent to such atrocity merely because it was perpetrated in the name of revolution. Has world opinion been callous, then, in the case of Cambodia?

Unfortunately, it is impossible to evade the conclusion that it has been. It thus becomes tempting to offer up a few curses about a "fickle and feeble world opinion," the "futility of world opinion," the "hypocrisy of world opinion," and so on. Following this ventilation of anger, we can shrug our shoulders and return to the pressing problems of our immediate, personal lives. But in order to grasp the full implications of what has been the world's half-hearted response to the genocide in Cambodia, it is necessary to let this chilling truth sink in as well: the juxtaposition of the callous destruction of over one million human beings, with what has been the world's lackadaisical response, assumes such a frightening degree of moral incongruity that only such a term as *spiritual horror* can capture the essence of what has been taking place.

This "spiritual horror," which is

restricted not only to the totalitarian empire but seems to be finding itself increasingly at home in the West, is nothing less than the devaluation of the vulnerable forms of human currency. In the end, it will be all forms. From the social and political standpoint, the currency of human life has historically always existed in denominations of unequal value. In the social scheme of things there have always been lives considered more readily expendable, of less value and significance, *cheaper* than other lives, with the slave and serf representing the lowest denominations of human currency. But Western civilization, partly under the influence of Christianity, has made remarkable progress in affirming the absolute worth of the individual life, to such a point that "equality" is the predominant social theme today. It comes as a special disappointment, then, to see the West, and the liberal community in particular, compose the music of world politics as if *inequality* were the leitmotif. If the Nazis could at one time speak of *oestliche untermenschen* ("Eastern subhumans") as they were gouging into the Balkans and the soft underbelly of the Soviet Union, we may as well speak now of "Cambodian untermenschen"; for they have counted for next to nothing and have played no role whatsoever in today's theater of the absurd that is known as world diplomacy.

Not long ago a scene took place at San Quentin Prison that was reminiscent of the many demonstrations of the sixties against American involvement in Indochina. It was a sunny day,

At the cashier's window of human rights, are only select denominations honored—Rhodesian black, but not Ugandan black or Cambodian yellow?

August 23, 1977, a Monday, and they were gathered to protest once again against violence and brutality, against man's inhumanity to man. One of the well-known antiwar activists of the sixties, Joan Baez, was again playing a prominent role—singing, protesting, leading the faithful in refrains of "Kumbaya," and improvising such lyrics as "no more murder, Lord, kumbaya." And just as the antiwar activists had always maintained that their protest was motivated by profound revulsion to the killing of innocent people, so now in a similar spirit fresh moral outrage was once again directed against killing—only this time against those killings that were to take place in California as a result of the reinstated death penalty. And the protesters had every right to object to the prospect of more killing. Whether one agrees with them or not, their humanitarian motivations are admirable. But there was something lacking in spite of everything, in spite of the pretty voice of Joan Baez singing wistful refrains of "Kumbaya" and the sunny sky overhead; for somehow they forgot to make a plea for the killing to stop in Cambodia. Somehow Joan Baez, who had been so active before in protesting the killing in Indochina, could not improvise a refrain such as "no more genocide in Cambodia, Lord." It seems that the Cambodian question just slipped everybody's mind, just as it has slipped by most of the rest of the world.

Almost every day the selective reaction of world opinion and diplomacy to the brutalization of human beings indicates the differing esteem accorded certain denominations of human currency. When five terrorists were executed in Spain by Franco in 1975, the immediate reaction was one of outrage and condemnation. Newspapers all over the world expressed shock, ambassadors were withdrawn, and even the Pope publicly condemned the executions. It is logical to conclude that, in the eyes of many of the world's opinion leaders, the lives of the terrorists were extremely significant—in the language of currency, the denomination represented by these terrorists was highly esteemed. Yet when reports of Cambodian priests being executed found their way to the West, the Pope did not seize the occasion to condemn the Khmer Rouge; nor did world opinion. And just very recently, while thousands of political deviants were being executed in mainland China, there was no sign of protest anywhere. The only conclusion that can be drawn, therefore, is that in the theater of world politics the extinction of some lives is viewed as more reprehensible than that of others; some lives represent less valuable forms of human currency. It could be said that each Spanish terrorist (including the ones who at close range shot a police officer to death) represented to many eyes a gold sovereign, whereas every Cambodian murdered by the Khmer Rouge represented a

TOO LITTLE—AND TOO LATE

At long last—three years after Henry Kissinger's original reports on the Cambodian genocide—President Carter has acknowledged, and condemned, its existence. On April 21 Carter called the Cambodian regime "the worst violator of human rights in the world today." He also said that the US government supports "the growing international protests against this inhuman regime." In addition, the UN Human Rights Commission at long last called on the Cambodian government to respond to charges of human rights violations through a sub-commission scheduled to meet in August.

Media reaction since the Carter statement has been mixed. Most major papers covered the story—but none considered it front-page news. Three days later, when the House voted 388-0 to support the President's condemnation, only the *New York Times* even mentioned it, and in only a few lines. On the plus side, Jack Anderson devoted a series of columns to the Cambodian horror in May. And in a May 1 *Time* Essay on the TV docu-drama "Holocaust," Lance Morrow equated "the Khmer Rouge's homicidal administration of Cambodia" with Hitler's death-camps.

Yet UN Ambassador Andrew Young still remains silent on Cambodia. He has made no speeches on the subject in the General Assembly, proposed no resolutions to the Security Council. All of which tends to confirm author Segesvary's thesis about the "devaluation" of certain denominations of "human currency," as far as the Carter administration is concerned.

—R.P.

plugged nickel.

Can any arguments be advanced to excuse public opinion at large for its indifference to the genocide in Cambodia—particularly the liberal community, since it has been so vocal in its support of human rights? There are three possibilities. One is that since the United States is no longer involved in Indochina as an "imperialistic presence," it is no longer necessary or proper for Americans and other activist groups in the West to concern themselves with the events there. Another is that since the borders of Cambodia have been sealed by the Communists, it has become too difficult to acquire reliable information about internal events and to influence the regime. And finally it may be argued that while, admittedly, many people were brutalized by the Khmer Rouge, the aim of creating a classless, agrarian society, liberated from the evil taints of Western capitalism, counterbalances the brutality. A corollary argument holds that it is a mistake to judge the terms of profound agrarian reform in Southeast Asia by the moral standards of the West.

But all three arguments fail. The first fails because so many individuals who view themselves as liberal and who are so viewed by the media don't hesitate to continue passionately condemning regimes with which the United States has nothing more to do. The most notable example recently of such a regime was the minority white government of Rhodesia, which was thoroughly ostracized by the West and repeatedly condemned by world opinion. Why, then, is the same intense and righteous indignation not demonstrated toward the Communist regime in Cambodia for its genocidal policies? Why is it that racism in Rhodesia has commanded more diplomatic attention and stirred more moral outrage among liberals than the wholesale slaughter of over one million people in Cambodia? In terms of human currency, is the denomination of Rhodesian black to be valued more than Cambodian yellow? And why doesn't the liberal community clamor for majority rule in Uganda as fervently as for Rhodesia? Or are blacks in Uganda not as worthy of majority rule as the blacks in Rhodesia? Is the deprivation of human rights for blacks somehow more acceptable at the hands of a black tyrant? Does the currency of life vary in value within Africa? Is the bullet from a black man's gun less lethal to its black victim than from the barrel of a white man's gun? Would having his tongue pulled out be less painful for a black victim at the hands of Idi Amin's goon squad than by white mercenaries? At the cashier's window of human rights, are only select denominations honored—Rhodesian black, but not Ugandan black or Cambodian yellow?

The problem is not any alleged sketchiness of evidence but the reluctance of the world to mount an intensive opinion campaign against the Khmer Rouge.

The second argument would absolve the liberal community of any responsibility to dramatize publicly the plight of Cambodia on the grounds that

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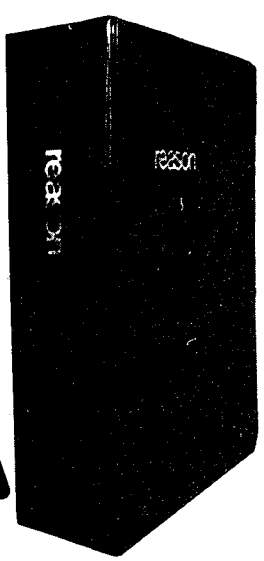

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Cambodia has become a closed society, allowing no access to observers and journalists. Therefore, the argument runs, as disturbing as the reports are that have emerged about Cambodian atrocities via refugees, the information available is not sufficient to justify a major opinion campaign. But the response here must be that the information about the atrocities is in fact sufficient. As Mr. Grimes has noted, "Evidence *abounds* that for more than a million Cambodians the aftermath of the 1970-75 war in their country was worse than the fighting" (emphasis added). The problem is not any alleged sketchiness of evidence but the reluctance of the world to mount an intensive opinion campaign against the Khmer Rouge, even as the evidence of genocide is staring it in the face. World opinion remains a powerful moral weapon when it is roused to righteous indignation, and who else but liberals have proven themselves to be most successful in fueling the fires of world indignation—as they have so abundantly demonstrated during the American involvement in Indochina and in the cases of Chile, South Africa and Rhodesia.

The borders of Cambodia are not sealed so tightly that they prevent abundant evidence about genocide from leaking out; nor is the Khmer Rouge to be exempted from the wrath of world opinion merely because it has declared itself a closed society. In today's global village, the heat of world indignation can penetrate sealed borders, too; and is not the human and responsible course of action to bring as much heat as possible to bear on the cold-blooded, clammy grip that has been strangling the Cambodian people, so that it might be loosened a little? James Reston is one of the few commentators with a more or less liberal reputation who seems to understand this. Recently he wrote a moving column, "The Tragedy of Cambodia," in which he called on the United Nations and President Carter to make some kind of protest on behalf of the Cambodian people.

The last argument, which would see the genocide in Cambodia as a painful but inevitable and necessary step in transforming Cambodia into a classless and therefore just society, is nothing but a reflection of the totalitarian view that the end justifies whatever means. On its very own terms, this view stands condemned from any humane perspective. The genocide may be acknowledged, as in the case of Mao's China, where in the course of agrarian reform anywhere from 25 to 50 million lives were extinguished (depending on which estimates one chooses to believe), but the human cost is held to be an understandable step in a social evolution in which the results justify the means.

Apologists for this view are the bedfellows of the ideologues of the left, who reject humanity in its present state and can conceive of it only within the framework of a Marxist utopia. As Albert Camus observed, for them, man at the present moment, seen as floundering in the capitalistic social contract, is not truly human and will become so only when he is redeemed by the Marxist transformation of society. History has shown that the zealous adherents to this doctrine have deemed it an appropriate policy to burn as much human currency as necessary to ignite the transition to the new social order. Not only party cadres have aligned themselves with this policy, but as George Watson shows in an article in the British magazine *Encounter*, "The published evidence alone demonstrates that many Western intellectuals in the age of Stalin did believe in extermination, in the sense of wanting it to happen." Mr. Grimes' callousness in his review of *Murder of a Gentle Land* does not extend so far, but it is possible to catch a hint of sympathy for the view that the end mitigates vicious methods. "Yes they have been brutal," he admits, "but in their own way the Communists clearly wanted to rebuild Cambodia." The word *but* is significant here. Why *but*? And if there should be some Marxists here and there who feel impelled to shout indignantly that it is not fair to characterize them as the advocates or apologists for the easy expendability of human life, why has their silence with regard to Cambodia (as, indeed, with the Gulag Archipelago) been so deafening?

Is not the human and responsible course of action to bring as much heat as possible to bear on the cold-blooded grip that has been strangling the Cambodian people?

CONSEQUENCES

When there is an attempt to devalue a certain denomination of human currency, as there was with the Jews in Nazi Germany and the countless victims in the Gulag Archipelago, it is a profoundly tragic event. The only avenue left to somehow redeem this brutalization of human beings becomes to depress the collective consciousness of mankind with the honest account of what took place; so that through grief, outrage, and sadness, the sense of the costliness of their lives may be regained. Mourning and grief thus serve to preserve the sense of the high social value of every human life. But the truly frightening thing, the terrible thing, is to turn away from the distressing scene without being moved and without doing everything possible to help; for in this case the human devaluation is not counterbalanced by a costly social response. The result is that the significance of the victims' lives to the rest of humanity has been lost; a segment of mankind has been disenfranchised of its true worth. But the dehumanizing effect of such an attitude applies not only to those ignored; for those who refuse to answer the call to active compassion deaden the most important part of their humanity, their human hearts.

In a recent article, "What about Moral Sensibility?" Harvard psychiatrist Robert Coles, makes an interesting and relevant comment: "Now the psychohistorians tell us that Abraham Lincoln was depressed. Well he should have been, and a few more should have been who weren't....It wouldn't be bad if we had a few more obsessions—those things we're all trying to get rid of—and if some of us begin to think it's important to sacrifice, to struggle, to be in conflict, to know pain, even the pain of others, and be moved to struggle on the behalf of others." What does it say about us, what does it do to us, if we ignore the plight of the Cambodian people? ◻

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Confessions of a Washington Reject

A behind-the-scenes look at the bizarre world of Congressional staffs.

by Gary North

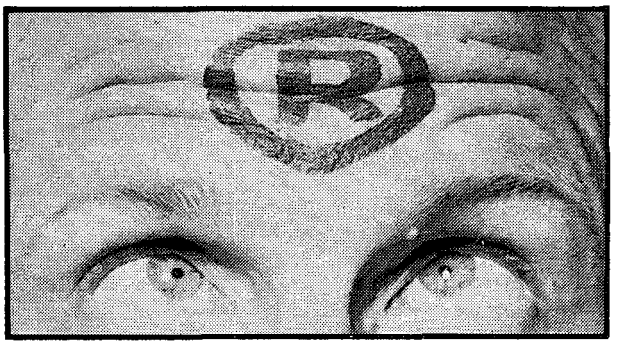

photo by Kelley Dwyer

FROM ABOUT THE MIDDLE of June 1976 through the third of January, 1977, I was serving my country on a full-time basis, meaning that I was deep into the federal trough, but not paying Social Security taxes. When it's all said and done, not paying Social Security taxes for seven months was probably the single most important benefit I received for my stay in government service.

This should serve as an introduction to the nature of government service. I was an employee of the sovereign state of Congress. You think I'm joking. Not a bit. It is indeed a sovereign state. First of all, it employs its very own police force, and the force is probably the 14th or 15th largest police force in the United States. Second, Congress has wisely determined that laws passed by Congress to protect this nation's citizens do not apply to Capitol Hill. That, one must admit, is a sign of sovereignty. Equal Employment Opportunities Commission bureaucrats have no authority on Capitol Hill, so the secretaries are better looking, lower paid, and work harder than in other businesses. Nobody has to hire minority group members, except for political reasons. There are no contracts. Congressmen hire and fire at will—or at least they think they do. There is a great pension plan, assuming anyone is so stupid as to believe that any pension is great in an era of inflation. But you don't have to belong to it. The boys at OSHA do not prowl around the halls of Congress, since they would be able to shut the place down if they were allowed to apply OSHA rules on safety. There are no Nader belts on the official cars of Congress, unless the congressman wants them. You cannot subpoena a member of Congress for anything relating even remotely to his official duties. You must subpoena the House itself, at its discretion, and the House may or may not compel the congressman to testify. In short, the rules and regulations that are strangling the citizens of the United States do not apply on Capitol Hill. They know what they are doing at least to this extent. The pollution of legislation from Congress is matched by the pollution from congressional furnaces and congressional vehicles; the Environmental Protection Agency has no jurisdiction here. Congress is the 51st state. Wait! Congress is the first state; Hawaii is the 51st.

VOTING NO

I went to work for congressman Ron Paul, a physician from Houston. He had been elected in an interim election when the seat was vacated by a long-term Texas Democrat who had resigned to accept a position on the Maritime Commission. Dr. Paul came to Washington in April. He was defeated by 268 votes (out of 193,000+) in November, and if his *Special Report* (June 1977) is to be believed, only about 3,100 of these votes, mostly for his opponent, were flagrantly illegal, indicating that for Texas politics, this was a fairly clean race. He was America's only Bicentennial congressman: elected and defeated in 1976.

Dr. Paul was as amateurish a politician as I have ever seen. He believed in principle and voted that way. He didn't have an administrative assistant, so he hired his own staff. He never went on junkets. He was consistently outvoted by 403 to 3, or 407 to 2. Instead of going to the endless rounds of lobbying "socials," where the booze flows, the food is superb (unless some cheapskate right-wing group is putting it on), and business is conducted, he would go home after work to his aunt's house out in the Virginia suburbs. He left his family in Texas, flew home on the weekends, and spent the time with his family instead of campaigning. He voted against NASA boondoggles, despite the fact that

NASA was in his district. He voted no on everyone's boondoggles. In short, a clear-cut amateur. He lost.

Yet in his brief stay in Washington he made a lot of headlines, something which midterm, unknown, freshman congressmen don't do very often. He fought against abortion, gun control, inflation, and higher taxes, yet he confounded the conservative wing by fighting the B-1 bomber in favor of the cruise missile and the atomic submarine program. He opposed federal guarantees to the atomic power industry, another vote that astounded both liberals and conservatives. He baffled them all, simply because he voted small government, start to finish. No one in Washington—*no one*—does that on a consistent basis.

The day I walked in, I was told to draft an opposition statement on the IMF bill. I hadn't heard of the IMF bill. This was the disastrous piece of legislation that revised the Bretton Woods Agreements after 32 years and made the IMF the world's new engine of mass inflation ("The Transformation of the IMF," *Remnant Review*, August 4, 1976). The administration was pushing it with all its might. The Democratic liberals were pushing it. Henry Reuss was pushing it. So I sat down and eventually had 19 double-spaced typewritten pages cranked out. When shrunk by the typesetting process, my (Dr. Paul's) statement was 11 pages long—the only opposition statement. In the *Congressional Record*, it was shrunk to 3.5 pages, yet it was word for word what I had submitted. If you think there is a lot of stuff spewed forth each day by government writers, you're correct. It boggles the mind. The bill finally was passed at 5:00 A.M. on the last day of the 94th Congress in the Senate's chambers. There was no opposition. (A trade had been made—a trade made necessary by one tactical error on our part, or so I have concluded: the IMF for the legalization of gold clause contracts.) One of the IMF bill's cosponsors who sat on the House Committee on Banking, Currency, and Housing, admitted to Dr. Paul that he really didn't know anything about the IMF. If *he* didn't know, you can be certain that at least 300 of the 435 House members don't know, and that may be too generous. It passed, ignorance or not.

So it went, bill after bill. The billions flowed. The opposition capitulated. The limited governmentalists were outtalked, outmaneuvered, outspent, and outvoted almost every time. It was one long, difficult, grinding series of defeats. It will continue to be so.

Is it any wonder that people with principles get eaten up and spit out by this system? How to manage 200 pages of *Congressional Record* every day, plus the hearings in committee, plus the *Federal Register*, plus the speeches on the road, plus the party (political organization) pressures, plus the party (riotous escape) pressures? No one can do it. No group can do it. The dreams of messianic legislation and comprehensive political predestination have not come to heavenly fruition, but they have driven mad those who had such visions. The pursuit of total planning has eaten up the legislators who assigned to themselves the role of minor gods. The work is killing, especially in the last 15 years. They are retiring in droves. Something like 50 percent of the people in the House today weren't there in the late 1960's. The whole system is collapsing, and both the conservative libertarians and ideological liberals know it, but the former can't do anything about it, and the latter won't do anything about it. They are caught on a sort of demonic treadmill to legislative oblivion.

Congress has wisely determined that laws passed by Congress to protect this nation's citizens do not apply to Capitol Hill—surely a sign of sovereignty.

The opponents of big government get ground down. They give up after three terms. These men have let their constituents down. One man always promised to lie low for three terms, get the ropes learned, and then really get things changed. With every term, he has voted for more and more welfare boondoggles. He chases secretaries, is not bright enough to read very much, and his staff is mediocre, meaning it's one ot the better staffs. Yet he is considered one of the hard-liners. The pressure on them by their peers is enormous; indeed, this is the crucial factor in the decline of the opposition. *Congress views itself as a club.* The Senate is notorious in this respect. They have little use for the rabble in the House. They are gentlemen. Fortunately, like gentlemen, they don't get much accomplished every day. They are the brake on government planning—not by ideology, but by inertia. Inertia grinds down the conservative opposition, too. So the booze flows, the secretaries smile, and the wives get dumped. Yes, Virginia, by conservatives, too.

Let me tell you of the catalogue of horrors.

THE STAFFS

Seldom in the history of man have so many incompetents, cronies, idiots, goof-offs, hangers-on, and nincompoops been assembled in one geographical area. The mediocrity of the congressional staffs is, above all, the fact that struck me hardest. Grafters are to be expected in government, but these people are yo-yos. You would not believe how second-rate these people are. I am speaking about the conservative staffers. You are fortunate to find one good solid competent staffer per office.

It is not the lack of money. Congressmen can pay up to $36,000 per year to some staffers (it may be higher now). They could buy up the hottest of the hotshots from the universities in every field, and I don't mean just newly graduated Ph.Ds. I mean their professors. You could buy one for his sabbatical year, year after year, getting big-name people in there who could call upon the services of students back home to do research. Nobody has thought of this, apparently. The only office that I saw that used outside people on a regular basis was Larry McDonald's. He got his money's worth out of the part-timers. Frankly, they were the sharp people on his staff.

What goes wrong? It's a complicated problem. Here is my evaluation. *First,* congressmen don't want to hire people smarter than they are. This reduces competence to levels undreamed of. *Second,* they don't hire anyone anyway. Their administrative assistants do the hiring. This leads to the most insidious aspect of the congressional bureaucracy problem: the administrative assistant. If there is a single source of opposition's failure, look here. Forget about the great conspiracy. Forget about pay-offs. Forget about their lack of time. Just look at the AA.

The AA is the top dog. He gets the $36,000, if anyone does. He gets the prestige. He hires and sometimes fires. And like any person in a no-contract, high-risk, high-pay job, he wants one thing above all: *tenure.* He can get it only in one way: *be absolutely certain that no one coming in contact with the boss is more competent than he, the AA, is.* This reduces the general competence of the staffs an additional notch. The AA is enormously defensive about his position. He sees to it that the level of incompetence is kept high by adhering to another unwritten rule: *never hire anyone who hasn't had Hill experience.*

This screens out the threats to your position. Your competition is limited to the walking wounded: Hill rejects.

There should be a universal rule for any serious, dedicated congressman: no one making over $15,000 per year should be hired by the AA. Let the AA hire the secretaries. Yet, if anything, the rule is inverted: the congressman is very often exceedingly interested in hiring the secretary who makes $12,000 or less. Are you getting the picture?

Who hires the AA? The congressman. He draws from two possible pools of talent:

His campaign manager. This friendly fellow is noted for his ability to organize precincts, raise money from fat donors, compose fund-raising letters, schedule speeches for the candidate, possibly write speeches for the candidate, but certainly screen out controversial ideas from the candidate's speeches. He can organize an office staff out in Dubuque. He can get those volunteers to lick those stamps. He has won, so now he has an air of total confidence. Then he comes to Washington, where he knows absolutely nothing. He covers his insecurity with arrogance and pseudoconfidence. Outsiders can tell these guys nothing. So nothing is what they get shown. Then they hire the staff, generally out of the bodies from the campaign. The ready-made staff gets imported.

A professional Hill administrator. These guys are the chameleons of life. If you mated these guys with a jellyfish, the only thing you could produce would be a college president. They are noted for their nonideological professionalism—that is, lack of commitment to any idea other than survival. They pick and choose from other unemployed Hill professionals, all of whom must be less competent than the AA. The grey sludge of professionalism begins to clog whatever machinery the congressman had devised to "get things moving around Washington." If, by some element of good fortune, the new AA is in some way ideological, he is a "Hill ideologue," meaning one whose principled edges have been filed off by job insecurity, peer pressure, booze, junkets, and the lack of time to read anything more rigorous than the *Washington Star.* Gerald Ford would have been an ideological AA.

Let me give you an example of how tight a ship the typical AA runs, as far as screening is concerned. A brand-new congressman from a conservative Midwest district got elected. For openers, he did his initial hiring through the office of House Minority Leader Rhodes, no ideologue. Applicants couldn't possibly get through this wall of resistance. (Candidates are flooded with applications, and in despair, they turn the screening over to [probably] the campaign manager. So most of the staff is already hired when he arrives in Washington. He has no idea of what committee assignments he will get, or how much work needs to be done, or what kinds of skilled workers are needed. But he keeps on hiring.) The next stage was when he hit Washington—or, more accurately, brushed by Washington. He hired a "professional" AA, a mild liberal. This follows the usual rules of Congress: the liberals staff their offices with liberals and moderates, and the conservatives staff their offices with moderates and idiots. So an old friend of the congressman called him to tell him that I was available as a staffer. Fine, he said, have him apply. His secretary called me to set up an appointment. Unfortunately, the congressman spent only two days a week in Washington; the other five were spent back in the district. You couldn't get an appointment. So I called his office and of course was connected to the AA. "All candidates for employment are interviewed by me first," he announced. Naturally. I explained that his boss had called me directly. I wanted my appointment. That threw him. I was told when the congressman might be in his office. I drove in. He had left, of course. This was the week before the House convened. "We don't need any more research people right now," the AA explained. "Congress doesn't begin until next week." I called a contact of mine and asked him how many bills were scheduled for introduction during the first week. "Oh, about 1,800," he replied. But our new congressman didn't need any research staff the week before. So I gave a copy of my *Christian Economics* book, autographed, plus a copy of my vita. The AA took them. The congressman never called back. About a month later, after I had joined the program at *Ruff Times* as a consultant, I happened to call my friend, the congressman's friend. Why didn't he ever call me, I asked. "That's funny," came the reply. "He asked me why you never came in for an interview. He asked his AA if you had come in, and the AA had told him he had never heard of you."

No one in Washington—*no one*—votes small government on a consistent basis.

The pursuit of total planning has eaten up the legislators in the last 15 years.

This is normal on Capitol Hill. The congressmen barely run their own offices, and the newer they are, the more dependent they are on the "professional" AA. The bureaucratization of the staffs is continual. The people back home who gave money to elect the guy, who slaved to work for him, and who now think their work is at last over, with their reward sure, now watch in horror and disbelief as his voting record sinks slowly into the sludge. They wonder how it happened. "That's politics," they say to themselves. Not quite; that's bureaucracy that has met no political resistance from the folks back home.

THE EQUIPMENT

Most offices are run poorly. They are inefficient to a fault. But they are getting better. This is dangerous.

One new device is the computer. A computer is now available that will do at least all of the following. (1) Record all positions taken in letters to the congressman from his constituents. (2) Sort out all yes or no letterwriters by the vote taken in each letter. (3) Sort out yes or no positions by precinct, zip code, or groups of precincts. (4) Compose letters to people who write in, shifting paragraphs or sentences to make each letter look individualized. (5) Check the voting record of other congressmen. (6) Find out the location of any bill in the system: sponsors, preliminary votes, committee, etc. (7) Locate millions of documents now in the Library of Congress tapes. This is only a small fraction of what these machines will do. Putting machines like this in the hands of incumbents and their staffs is to cement the present system into permanence short of political upheaval. Rental fee: $1,000/month.

The Library of Congress will locate and xerox a copy of any document up to 50 pages (two book pages usually fit on one sheet) free of charge—unlimited numbers. They now require a separate request for each document, an unheard-of burden on the staffs. Every few days a computerized print-out of hundreds of newly available materials for some 100 possible topics is made available to staffs, just send in one of these tear-off cards, and the Library of Congress sends you a xerox. They do ask that you limit

yourself to a dozen topics, please.

Any congressional staffer can sign his boss's name (on the automatic name-signing machine) to a letter requesting the Library of Congress research staff to trace down the history of practically anything. It may take two weeks to get a reply, or it may take three days. Let a challenger match this service.

Congressmen don't want to hire people smarter than they are, which reduces competence to levels undreamed of.

Then there is the kingpin of all congressional elections. His name is Frank Privilege. Any congressman can mail out all his newsletters free of mail charge, with very few restrictions. You may have seen that little note at the bottom of congressional junk mail: "Not Printed At Government Expense." True enough. It is *mailed* at government expense, and it gets first-class treatment. The envelopes are also free. Now you see the incumbent's advantage every time he mails a mass flyer (four times a year, possibly)? Printing costs might run $2,500 each time. Match that, challenger, in a contest in which *name identification* accounts for about 70 percent of the action. He spends, say, $10,000 worth of printing expenses to get $112,000 worth of postage and envelopes, sends down the computer-produced mailing list to the Republican or Democrat printers (who make $70,000 a year; these are *private* operations), and they are shipped out. Not bad . . . unless you're a challenger.

If you need 24-hour mail service for a letter, package, or anything else, it's available, free of charge: "Orange-bag service."

If you want to call anywhere in the continental US free of charge, 24-hours a day, it's yours. Every office has two WATS lines. It's a nice, nontaxable fringe benefit for staffers.

Need a haircut? It will cost you $2 at any of the congressional barbershops, one in each building.

Want a good, subsidized meal? In the House, you're out of luck. They serve the worst food imaginable. I hear the Senate has good food. I believe it. The only amusing thing in the Longworth Buildings cafeteria is the middle-aged black lady who treats all customers equally. If you don't give her your order instantly as you move down the line, she says, "Walk and talk, honey, walk and talk." She is efficient, and she expects everyone else to be efficient. Alone among citizens in these United States, she seems to get some efficiency out of at least a segment of Congress. If you want something to eat, my friend, you talk as you walk, whether you're Mo Udall, Barry Goldwater, Jr., or some summer intern. Equality reigns here, and only here, on Capitol Hill.

WHENCE THE LEGISLATION?

If the staffs are incompetent, and the congressmen have no time, where do the 1,500-page tax-reform bills come from? They come from the congressional committee staffs, which are a cut above the office staffs (but not by much). They also come from special-interest groups. I suspect that if a person wanted to make a significant contribution to our understanding of our day, he would trace the authorship of a dozen major pieces of leftist legislation back to their sources. I'll tell you one thing: the office staffs don't create the prominent laws that get the headlines and cost the billions. The executive has tremendous influence in this area, and I suspect that it is through the executive bureaucratic staffs that significant batches of the legislation get submitted to Congress. This is where the think tanks like Brookings Institution get the ball rolling. Congress is an uncreative institution today.

This means that limited governmentalists can effect very little positive change. At best, they can elect men to Congress who, for a time, will vote no. But when the president has the option of firing about 143 of the 143,000 people in HEW, elections mean very little—national elections, that is. The new men in Congress who have the willingness to submit new pieces of legislation do not have the staffs to write it, the knowledge of the system to push it through, the prestige to get cosponsors, or the media experience to force the leadership's hands. Congressman Paul did not get a single piece of legislation enacted, although he came close on a couple of issues. Most freshmen congressmen don't even get close.

Paul was an amateur, as I have said. He had no AA. So he hired me and Dr. John Robbins (who is more conservative and a lot meaner than I am) and Bruce Bartlett (who writes for the *Freeman* and has an M.A. in history)—all newcomers. We had the best staff I saw in my limited experience on the Hill. We cranked out more dissenting opinions in a shorter period of time than any other opposition office. On some issues, such as monetary policy, Dr. Paul had the automatic support of several of the old-time conservative congressmen, who couldn't keep up with banking developments. Our hastily assembled staff was better qualified than any we knew of on the House side. Within the conservative ranks, only Sen. Jesse Helms had anything as good. He, too, is an ideologue, a newcomer, and vulnerable in the next election. He, too, refuses to vote any party's line. He, too, was successful before he came to Congress.

There are steps that can be taken, though limited, that might reduce some of these defects in the offices of future congressmen. But there will be few challengers to be elected by libertarians and conservatives in the near future, and few changes in Congress. I am a believer in local politics. My experience in Washington didn't change my belief. Those who believe in political salvation at the national level are certain to be disappointed. I knew it was bad before I arrived. When I left, I knew what an optimist I had been before. Things are going to get a lot worse before they get worse. ◻

Gary North is a prolific author and the editor of Remnant Review, *from which this article is adapted.*

Coming Next Month:

Next month's issue takes a close look at the rebirth of anti-statism in France. Sorbonne graduate William Bonner talked with the leading New Philosophers in Paris and brings us a first-hand, illustrated report. The New Philosophers are Europe's first non-Marxist anarchists of this century. William Chadwick explores the historical ties and frictions between anarchists and Marxists, in a companion article. Transporation expert William D. Burt takes a look at regulatory reform gone awry—the 4-R Act and its effect on the railroads. Kenneth Chilton shows us how the feds are hurting small businesses. And Steve Wright catalogues the newest threats to freedom of speech. Finally Thomas Booz presents an imaginative proposal for correcting some of the damage done to youths by public schooling. Plus: Murray Rothbard returns to the Viewpoint column.

A Fairly Modest Proposal

How to get all the benefits of Congress — at just a fraction of the cost.

by Peter Fasolino

FEW PHRASES IN all the English language can equal the crisp, alliterative melody found in the words "contempt of Congress": the staccato sounds burst with vibrant energy. Yet the term denotes—legally, at least—nothing more than another punishable offense, an outlawed game that very few people ever get a chance to play anyway.

Fortunately, Webster provides us with a broader definition of the phrase and makes contempt of Congress a game any number can play—a game that, so far, is perfectly legal.

Contempt—"the feeling with which one regards anything considered mean, vile, or worthless"—seems to be such an appropriate reaction to Congress that any attempt to regulate or prohibit such feelings would prove logistically impossible. Enforcement officers would have to be stationed in every office building, barbershop, tavern, and double bed; the courts would lag decades behind; prisons would quickly overflow; and within months the entire economy would probably grind to a halt. Clearly, the free flow of venom from the American people to their elected representatives is in the national interest. And, just as clearly, the play-at-home version of Contempt of Congress is fast becoming a national pastime.

The legislative branch of the federal government has not always been such a popular object of public derision. No single segment of the government can hope to monopolize public disfavor for very long: the competition is simply too fierce. Nevertheless, each segment strives relentlessly for the highest honor of all in what is laughingly called public service—the coveted Mantle of the Equine Posterior.

Six or seven years ago that mantle was bestowed upon the Pentagon: its blustering, blundering ways had changed the term "military intelligence" into an often-used but in fact self-contradictory bit of nonsense on the order of, say, "jumbo shrimp." Since then the award has changed hands dozens of times. Recently, Jimmy Carter has made an impressive bid with a stunning portrayal of a man whose reach has exceeded his grasp. In spite of this, however, my own vote for the honor must go to Congress.

Congressional claims for the prize are indeed impressive. They have, for instance, given the language a new nonsense phrase that makes "military intelligence" seem quite flavorless. The new phrase, of course, is "congressional ethics."

Moreover, they have somehow parlayed public bemusement with the irony of that term into a pay raise for themselves—a raise that purportedly was needed to offset proposed limits on outside income. (The piquant implications of that logic are worth the careful study of any aspiring used car salesman.)

Although contempt for Congress may be reaching a new peak of popularity among the public at large, a certain core of cognoscenti has long since been moved to song by that elected assemblage of knuckleheads and merry-andrews. The tradition I speak of now goes back at least to Mark Twain, who reckoned before the turn of the century that there was probably "no distinctly native American criminal class, except Congress."

Twain's assessment, however accurate it might be, is nonetheless disturbing because it leaves Congress with no real function and certainly no redeeming social value. It took a soul no less charitable than Will Rogers to find any good at all in the legislators, and he only allowed that they were the best of the "Professional Joke Makers." "Read some of the Bills that they have passed," he once wrote, "if you think they ain't Joke makers." But the cowboy philosopher's attempt to lasso Congress has two hitches in it. One, as Rogers himself noted, was that "every one of the jokes these Birds makes is a LAW and hurts somebody (generally everybody)." The second hitch: congressional humor is dreadfully expensive.

Taxpayers shell out nearly 40 million dollars a year in congressional base salaries alone. This means that Britain maintains a Queen with one-tenth of what we spend on 535 drones. In addition, each one of those drones is allotted almost a quarter of a million dollars a year to hire a personal staff, thus raising the ante to over 185 million dollars a year.

That figure is all the more remarkable for what it does *not* include. It does not include travel expenses for our pathologically peripatetic members of Congress. It does not include monies spent on the perquisites and lackeys needed to persuade congressmen, against all odds, that they are in fact important and respected public officials. It does not even include basic salaries for all congressional employees, a group that has almost doubled in size over the last 10 years.

Although the exact cost of Congress is difficult to ascertain, there can be little doubt that the total figure is unconscionably enormous. Nevertheless, our representatives are beginning to bandy about the idea of public funding for congressional elections: we must not only underwrite the operating expenses of the gravy train—we must pay for their tickets as well. Obviously, the legislators' sense of humor is just as pungent as it was in Rogers' day.

But since we seem destined to get little besides buffoonery from Congress, why not streamline the institution to get that humor as economically as possible? One extremely cost-effective plan would be the replacement of all the members and staffers of Congress with a single professional comedian of recognized ability. We could have one headliner instead of all those second bananas *and* save billions of dollars.

My own nomination for the post of Congress would have to be Henny Youngman. He is a trooper and a craftsman; he already has a large following that embraces a wide cross-section of the American public; and he has a large amount of material at his disposal (so the jokes would not be as repetitive as they are now). Moreover, I have been told that his fees are very reasonable.

Imagine it: once again great throngs would flock to Washington, happy and proud to see Congress in action. The Capitol Building would once again house something vital and cease to be a mere architectural popover.

Picture it, for it's a grand sight: the galleries are packed, the lights dim, a small child squeals with delight, "Look, Mommy, it's Henny Youngman!" A neatly dressed figure clutching a violin strolls out under the single spotlight. He tucks the instrument under his chin and scratches out a few notes, sizing up the audience. In a moment he looks up into the galleries, grins, stretches out his arms and barks: "Take my congressman—please!" the spectators roar their approval. It's only one line, but it's a smasheroo, guaranteed to bring down the house. And, with any luck, to bring down the Senate as well. ◻

Mr. Fasolino is a free-lance writer.

Williams

(Continued from p. 23.)

which may not coincide with minority interests.

The market system, on the other hand, is essentially one-man-one-vote. While people may have unequal amounts of dollars, each person's one dollar has the same power as another person's one dollar. In the marketplace there is relative parity, which is nowhere more clearly seen than in the housing market. Many areas of many cities were once affluent, all-white neighborhoods and are now predominantly occupied by blacks. Virtually no one ever stops to ask the question, How did blacks take over these housing resources? It was through the market. Blacks simply *outbid* whites for housing. That is, for example, blacks told landlords that they would pay $100 per unit for a house separated into four parts, yielding the landlord $400 per month on a building that he was formerly renting as a single-family dwelling for $200. While one may have moral reservations about the market method of the allocation of housing for blacks and poor people, consider the alternative. Taking only the years 1967-71, government housing programs destroyed 538,000 units of housing. They replaced 201,000 units. Of the number of units replaced, less than half were for low- and moderate-income families. What the housing policy did do was to increase housing for high-income people and increase the amount of land available for office space.

Looking at any set of statistical data, we see that absolutely and relatively the free housing market has provided more housing for the poor than all government housing programs put together. Furthermore, the competitive market has done more to break housing discrimination than any government edict; witness how difficult it has been to prevent neighborhoods in our cities from changing from all-white to all-black, even during times of virulent racial discrimination. (Blacks and other poor minorities cannot obtain housing in the suburbs as easily because of *political* restraints to subvert the operation of the market, such as zoning laws requiring minimum-size lots and houses and requirements that units be single-family units.)

Earlier immigrant minorities were able to start off poor and progress because they did not face the market restrictions that today's minorities face.

Many other examples can be given of how minorities are less disadvantaged when the allocation of resources occurs through the market as opposed to a political mechanism. The reason for this advantage is that personal characteristics play a smaller role in the market arena. The most tragic thing about the failure to recognize this fact is that the failure of a large percentage of Negroes and other minorities to "melt" into America's melting pot is attributed by many members of society to group incompetence. Hardly anyone lays the responsibility for this problem where it belongs: to the excesses of government controls. I would guess that if we abolished the minimum wage law, reduced licensing restrictions, changed labor legislation, and reorganized the delivery of education, in 20 to 30 years hence there would be no "Negro problem"—as there is no Japanese, Chinese, Jewish, or other earlier-immigrant problem. These people were able to start off poor and progress because they did not face the market restrictions that constitute Uncle Sam's apartheid. ◻

Gramm

(Continued from p. 25.)

energy crisis. Our children *might* live in a world that is "incapable" of meeting its energy demands. That will not occur, however, because people are too stupid to do something about it. It will not occur because our schools stop turning out people who can drill oil and gas wells, who can convert coal, who can find and produce and market resources that we've never dreamed of. It will only happen if we foolishly destroy the incentive system that rewards the hard-working and the inventive. That system, of course, is the free enterprise system—the only legitimate consumer movement in the whole history of civilization.

The real issue is not how much oil and gas exists in the continental shelf of the United States, or what volume of natural gas can be found in tight gas formations all over the country. There are those who are competent to make those assessments, although they're still not very good at it. It's important to remember that scientists have a terrible record of predicting the future In the 1870's, after crude petroleum had broken the whale oil market, the US Revenue Commission sought to get Congress to invest in the development of new technology to gasify coal for use in the 1880's and 1890's, when our petroleum deposits were to be exhausted. In December of 1900 the US Geological Survey, which basically was in cahoots with Standard Oil, went to Beaumont, Texas; did a study of Spindle Top; and concluded in a report that would be published after January 10 that, despite some favorable findings in Corsicana, Texas, oil would never be produced west of the Mississippi. On January 10, of course, a well came in on that hill outside Beaumont that, while it flowed, produced more oil than all the other wells in all the rest of the world combined. If you want to know about the future, you need to talk to science fiction writers, not scientists. Science fiction writers generally share a belief, borne out by history, in human inventiveness, in humans' capacity to solve problems.

And when we ponder how that creativity is to be directed toward our present problem, it is important to look at the system that *has worked in the past.* There's a cliche among collectivists to the effect that, "Sure the market system will work in doing things that are not very important. But in crucial areas, upon which our very existence depends, we can't rely on the market." That's a falsehood. We might rely on collectivism to produce goods that we don't really need and goods that we have a lot of substitutes for; but those things that we must have—that we cannot live without, at least in the manner in which we choose to live—those things have got to be reserved for private production, not government production. The sooner we let the same system that put bread on our table for lunch put gasoline back in our cars and cooling and heating back in our homes, the sooner we're going to get on with solving the "energy problem." ◻

Dr. Gramm teaches economics at Texas A&M University and has testified before Congress and several state legislatures on many occasions. During the past year he has been on leave from the university in order to campaign in the Texas Democratic primaries for a seat in the US Congress. Having won a run-off election in June, he will be running on the Democratic ticket in the November election.

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On Libertarian "Optimism"

viewpoint

Edith Efron

This is my fourth and last "Viewpoint" of the year. I will be starting a new book this summer and will have no time for other work, so this is a farewell column. In it, I propose to discuss that phenomenon recently described, in a REASON panel discussion [May 1978], as libertarian "optimism." It is actually a manifestation of cultism.

A certain type of "optimism," namely, an unrealistic expectation that one's unknown or unpopular ideas will shortly triumph in society, is characteristic of all cults. Typically, cultists are socially alienated people who huddle together in a collective, swallowing whole the non-conventional views of a "father figure," and endlessly seeking reinforcement of those views. One of the chief ways in which cultists seek to manufacture a sense of efficacy is by fantasying that their Truths are rapidly being accepted by the society around them and will shortly dominate the culture. American history has been full of such cults and this pattern is repeated ad nauseam.

When I read the panel discussion on the future of the libertarian movement, I was disturbed to see that certain aspects of it bore the classical earmarks of that cultist fantasy. Much of the discussion was sensible—particularly the contributions of those who differentiated between libertarian theory, which is necessarily radical, and political application, which is necessarily gradualist. But often the discussion was polarized between the "pessimist's" position, which did not anticipate an imminent libertarian triumph in this society, and the "optimist's" position, which did. The "optimist" faction, in fact, declared that Americans are rapidly accepting libertarian ideas and that within 20 years the Libertarian Party will totally abolish statism from American society—indeed from "the planet." This remarkable achievement, say the "optimists," will be, in large measure, due to the "leftward drift" of the libertarian movement.

Setting aside, for a moment, the mysterious question of a leftist fervor for abolishing the State, one might call this the jubilant "optimism" of youth—except for two things: 1) there were no youths at this conference, at least biologically speaking, and 2) this same fantasy of a rapid cultural takeover is voiced by every political splinter cult in the United States.

Take a contemporary example, for instance, that I happen to have researched in detail—the U.S. Labor Party, with its own curious left-right ideological mix. It is "conservative"—pro-technology, pro-industry, pro-growth—at home, and Marxist-redistributionist abroad. For a decade now its members have been completely convinced that their doctrines are spreading like wildfire in the American working class, the unions, Big Business, the Republican Party, and the conservative world. They have believed that their own theoretician and presidential candidate, Lyndon LaRouche, was a significant intellectual force in the world. They thought, in 1976, that he would win 20 percent of the vote (presumably the same 20 percent expected by libertarian "optimists"). And above all, the U.S. Labor Party members have been certain that within a few years—10 to 20 at the outside—they could convert the country—and the world—to their point of view. Like the libertarian "optimists," they too stand ready to supervise their world revolution.

This precise parallelism is not a coincidence. It is standard brand cultist "optimism," which is replicated in every ideological splinter group known to man. It is, of course, not "optimism" at all. It is the compensatory megalomania of the psychologically submissive and the alienated. It should be recognized as such and dismissed.

To abandon such "optimism" does not mean abandonment of the conviction that new ideas can enter the intellectual bloodstream of a society and influence its history. New ideas have indeed influenced society and changed its cultural evolution—and will continue to do so. In fact, the issue is not one of a cheerful or of a gloomy outlook in the future, but whether one's analysis of society is valid, and whether one's educational methods, goals, and expectations are appropriate.

There are objective grounds in America, today, for believing that the cultural atmosphere is conducive to some degree of libertarian education. Certainly there is a general disillusionment with government and a growing resistance to oppressive interference, and to taxes. But one must evaluate this climate with caution. Between that generalized disillusionment with big government and the libertarian philosophy of limited government (not to mention anarchism!) there is an abyss. A self-correcting process has set in; the New Deal values and most government institutions have lost much of their glamor. But, as the polls steadily tell us, the very same citizens who are complaining about big government and big taxes, still want national health insurance, and still approve of massive social programs. The United States remains a Judeo-Christian-altruist culture and a committed social democracy, despite spreading boredom with the unending proliferation of "helpless" minorities. And the fact that disillusionment has set in with certain aspects of our political system does not remotely mean that Americans of any group or class are ready for radical libertarian ideas—particularly for an economics of self-interest which lacks an institutionalized moral base.

In fact, as one of the "pessimistic" panelists pointed out, the American political consensus is historically antagonistic to ideology as such and to "extremist" positions in particular. This *is* a democracy. What the great bulk of the people think does have practical political significance—as Barry Goldwater and George McGovern would be the first to tell you. It is therefore preposterous nonsense to proclaim an overnight libertarian triumph—and 20 years *is* "overnight." Such a prediction can only be based on a maniacal degree of wishful thinking; on an abnormal lack of contact with ordinary American life; and on a shocking ignorance of, or indifference to, the political process. And when such a prediction is compounded by an announcement that

(*Continued on p. 49.*)

money

The Market and Freedom

There is a market for everything, including freedom. In the ideal libertarian world, the price of freedom is as close to zero as it can be. Where *political* freedom is absent, freedom is still possible, but it is effectively priced out of the reach of the majority of people.

For example, what political freedom used to exist in South Vietnam and was taken for granted by most people has now gone. Vietnamese can still *gain* freedom by escaping. But this requires sufficient gold to bribe officials, buy a boat or passage, etc., *and* knowledge of which officials are safe to bribe and who is willing to sell a boat. Clearly, the price of freedom in South Vietnam has skyrocketed.

We can look at freedom in two ways: *politically*, as the libertarian non-coercion principle which, in the body politic, is being eroded on almost a daily basis. Or *economically* as the potential to achieve and enjoy one's personal aims and the ability to avoid political restrictions.

Where relatively free markets in goods and knowledge exist, two opposing forces are at work: *government*, which seeks to restrict your freedom, and *the market*, which can result in the expansion of your ability to enjoy what freedom you have left. The market can also generate methods of avoiding or blunting the effects of government interference. If the market is expanding faster than government restrictions, it could well be that your effective freedom is rising.

In the long term, a point we may already have reached, a combination of inflation and government restrictions will undermine the market's ability to grow fasther than government. But the market may yet have a few trumps to play.

A few statistics often help to illustrate, even though they may be of dubious value. Between 1965 and 1976 (in "constant" 1975 dollars) US gross domestic product (GDP) grew from $1.169 trillion to $1.685 trillion. Government expenditure (which exceeded taxes in both years) was 27½ percent of GDP in 1965, and rose to 34.3 percent in 1976.

Subtracting government expenditure from GDP, we find that $847.9 billion was left to American citizens in 1965, or $5,950 per American. Despite the 25 percent increase in government between 1965 and 1976, $1,107.3 billion remained for the citizens' enjoyment in 1976, a rise of 31 percent, to $7,834 per person.*

I am not going to claim that the "average American's" freedom has gone up 31 percent. In the area of personal disposable income, the market has (if we can believe government statistics) expanded sufficiently to pay for the increase of government *and* do even better for the people. But bare statistics hardly tell the full story.

Twenty years ago air travel was a luxury and those who could afford the time and money to travel went by sea. In 1957 I went from Australia to England by sea. It took three weeks just to get there. A couple of months ago, I went from Hong Kong to Europe and back, spent two days travelling and the rest of three weeks working and having fun in six different European cities.

This revolution in travel was caused *by the market*. And continues in spite of government. Witness the battle and success of Freddie Laker.

This kind of qualitative change, the expansion of your time and horizons, does not show up in government statistics. Twenty years ago, except for the once-in-a-lifetime trip, few could afford to lose seven weeks' wages *and* pay the cost of a ticket for a three-week holiday in Europe. Whether for fun, for business, or to visit your Swiss banker, the travel revolution has profoundly broadened your potential sphere of action.

This is more than just another way of looking at the effect the unrestrained market has in increasing the general standard of living. Certain products of the market can prove bastions against government encroachments. Or, wittingly or otherwise, circumvent the effect of interventions.

Britain, for example, has stringent exchange control regulations. One provision is that no resident may take more than £ 200 (formerly £ 50) in *any* form of currency out of the country without permission. Imagine the kind of holiday you could have abroad with only $350 in your pocket!

The market generated a number of ways around this problem so that the average Briton, who has no special knowledge of exchange control regulations or political pull to get special permission, can enjoy holidays abroad. Package holidays, with all accommodation, meals, and so on paid in Britain before departure, was one method. But the advent of the credit card has all but repealed British exchange controls for the average traveller.

The British holder of an American Express card, or the equivalent of Master Charge or Visa, can use his credit card all over the world to buy airline tickets, pay for hotels, rent cars, go shopping, buy theater tickets and meals in restaurants. He could spend thousands of pounds in the United States or on the continent even though he is only allowed to take $200 in currency out of the country.

When our credit card traveller returns home, he is billed by the credit card company in pounds sterling. The credit card company then has the problem of making overseas payments, but it has blanket authority to move money in and out of the country. Otherwise it couldn't operate. It can also match payments: expenditures by German credit card holders in England can be offset against Britons' expenditures in Germany, and so on.

Credit cards are widely used to circumvent foreign exchange controls. A number of multinationals issue their New York and European executives with credit cards billed to their South African subsidiaries. The reason: South African exchange controls make it difficult to move money out of South Africa.

The market has thus undercut the intent of a government regulation, even though the regulation operates as it always did! In the United States, which does not (yet) have exchange controls, the market offers some protection against the introduction of such controls. As more people travel overseas, and as the volume of international dealings increases, it will prove more difficult, both politically and practically, for the government to introduce stringent foreign exchange controls. But it will always be possible for them to do so.

Right now, the market of the Western world is generating a variety of protection services from government interventions. Interestingly, none of these protection services is particularly new. People have used Swiss banks for over 100 years. Smuggling money across exchange control barriers is merely a new variant on one of the world's oldest professions. People have avoided taxes for as long as governments have tried to impose them.

What is new is that never before in history have there been so many people

(*Continued on p. 48.*)

* Raw data from *International Financial Statistics*, May 1978, IMF, Washington, DC; Bank of International Settlements' *Annual Report*, 1976-77, Basel, Switzerland.

spotlight

Private Planner

An environmental organization opposed to governmental controls? A group of planners who shun "urban planning"? A professional society that encompasses at least a dozen professions?

These attributes all apply to an actual organization—the Association for Rational Environmental Alternatives. AREA is a "national organization of professionals dedicated to the investigation, development, and advancement of private and non-governmental alternatives for the planning and use of the urban and rural environment."

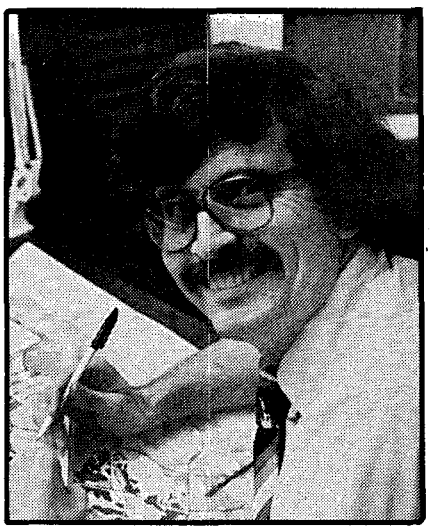
The organization had a humble beginning: it grew out of a classified ad in the September 1974 issue of REASON. The ad was placed by Dick Bjornseth, until several months before a staff member of the Houston City Planning Department. In four years as a professional urban planner, he had become increasingly frustrated with the government-control mentality of the planning profession. Rather than play a continuously negative role *within* the American Institute of Planners, American Society of Planning Officials, and other planning organizations, Bjornseth decided to start a totally new group.

"I felt there must be at least a few individuals around the country with similar ideas and frustrations," he recalls. His REASON classified produced "only a handful" of others, but they included geotechnical engineer Paul Bilzi, who had been thinking along the same lines. Together they set up a steering committee and went to work. In short order they had developed a network of contacts from coast to coast and a mailing list of prospects.

Initial organizing completed, the next step was to make the organization known. An attractive newsletter, a membership brochure, and some favorable PR in several magazines recruited several dozen founding members—people from a number of professions with a serious interest in urban, environmental, and land-use problems, but unhappy with looking to government for solutions. Today, less than four years after Bjornseth's classified ad, there are more than a hundred members across the country. And a seven-member advisory board including energy expert Petr Beckmann, transportation economist George Hilton, and land-use consultant John McClaughry.

AREA has already begun to have a noticeable impact. Its biggest publicity triumph to date occurred in May of last year. Bjornseth and his fellow members in Houston organized an AREA conference called "Practical Perspectives on Recycling the City: the Entrepreneur as Hero." Held in Houston's Greenway Plaza (a major private redevelopment complex), the conference brought together a variety of speakers involved in rebuilding and recycling run-down areas without government help. Besides lectures, panels, and slide shows, the conference featured a bus tour of Houston's Montrose area—a prime example of private inner-city redevelopment.

One of those attending the conference was Neal Peirce, contributing editor of *National Journal* and a syndicated columnist on urban affairs. Peirce was clearly impressed by what he heard, and even more by what he saw taking place in Houston's neighborhoods in the absence of zoning. His subsequent column, "Is Urban Zoning the Dinosaur of the 1970's?" brought the case for nonzoning to millions of readers across the country.



Dick Bjornseth

Bjornseth's career has involved a steady evolution away from conventional notions of planning. Fresh out of Iowa State University in 1970 with a BS in urban planning, he went to work for the Des Moines multi-county regional planning commission. After organizing the largest "citizen participation" effort in the commission's history, and seeing his efforts to promote private funding for bikeways swept aside by a highly political federal grant, Bjornseth began to question the planning process.

In retrospect, he can see no value in the citizen participation efforts he organized—except to promote regionalism. "And regional planning," he has concluded, "is perhaps the most worthless level of bureaucracy ever imposed on the public."

By the time these thoughts had crystallized, Bjornseth had already moved on to his second job—as a planner for the City of Houston. His first task there was to head a 15-person staff carrying out a federally funded Neighborhood Improvement Planning Program. This experience was also to prove instructive.

One of the major thrusts of the program was to identify the good points of each neighborhood and the strengths of its residents. "All planners have been trained and programmed to look for problems and weaknesses," he recounts. "We didn't know a strength or good feature if it walked up and introduced itself. In fact, the planner's natural tendency was to paint the picture as gloomy as possible, thereby suggesting greater 'need' and justifying greater government aid." Though he and his staff tried to counter this tendency, their views were never really accepted by the city administration.

In fact, when a new mayor (Fred Hofheinz) was elected in 1974, the emphasis on getting federal funds increased to the point where Bjornseth felt too uncomfortable to stay. He left the public sector and joined Bovay Engineers—a consulting firm doing land-use planning for a variety of clients. Among his projects at Bovay have been numerous airport master plans, shopping center site layouts, office/industrial park designs, and population forecasts for water and wastewater systems.

As he has moved from regional government to city government to private consulting, Bjornseth's professional efforts have grown more in harmony with his evolving philosophy of government and society. From first-hand experience, he has seen the harm government controls can do and gained new respect for the workings of the marketplace.

"I find it ironic that various professional organizations are still debating whether the government should control land use at the federal, state, or local level," he says. "I question whether the government should control land use at all. Reliance on the private marketplace for real estate decisions doesn't mean a haphazard conglomeration of land uses. Quite the opposite. The marketplace is actually a highly structured, complex, predictable, and efficient allocator of land use development."

(*Continued on p. 49.*)

washington watch

Tuition Tax Credit Pressure Still Needed

The passage of the tuition tax credit bill by the House, with an amendment which extends some tax credit coverage to elementary and secondary schools, and almost certain passage of a similar measure by the Senate, will set the stage for Carter to decide whether or not he's really going to veto the bill.

If Carter decides to exercise his veto power, a great deal of pressure will be needed to persuade Congress to override the veto and push the legislation into law. There will be tremendous pressure from public school and other special interests against overriding the veto, and it will take a great deal of persuasion to get and hold a two-thirds majority to override a veto.

Some issues in the controversy which have been studiously ignored in Congress deserve some attention. Opponents keep talking about the tax credit as an "expenditure" by government, and talk about how much this measure will "cost the government." They need to be reminded that the money belongs to the taxpayers in the first place until it is forcibly taken from them. The crocodile tears shed by opponents of tuition tax credits about the cost to government seem all the more phony when you consider that the Carter Administration and most tax credit opponents are supporting a bill which would provide $1.3 billion more in "government money" for tuition assistance.

The opposition to tax credits seems quite obviously not to spending the money, but to having the taxpayers rather than the government decide how it will be spent.

Beware the Draft Fever

The Senate Armed Services Committee has recommended that the Selective Service system get an additional $17 million to begin setting up a registration system. This increase is in addition to a $2.2 million increase recommended by President Carter in his proposed FY 1979 budget, for additional studies. The chief congressional proponent of a new draft, Sen. Sam Nunn (D-GA) has also recently stepped up his publicity campaign seeking to persuade the American people that a new draft is necessary.

It is not known now whether or not other committees will support the Armed Services request for the increase for Selective Service, but it should be apparent that proponents of the draft are increasingly beginning to "go public." Letters to Sen. Nunn and to your own Congressman and Senators, opposing any increase in the Selective Service budget, and stating unequivocal opposition to any new draft, would be timely now. (US Senate, Washington, DC 20510; US House of Representatives, Washington, DC 20515.)

Tax Reform and Tax Revolt

The passage of California's Proposition 13 will have a substantial fallout on legislators at the national level. It's too bad we can't have a similar referendum on federal taxes. Nonetheless the tax revolt is being felt. Carter's efforts to scale down his original tax cut proposals are facing stiff opposition in Congress. A proposal by Rep. William Steiger (R-WI) to cut the capital gains tax has picked up surprising support, and a version of it will probably pass the House this year.

Outrage over taxes seems to be building to the point where most libertarians feel it should have been long ago. Nonetheless, it is an issue rife with opportunities for coalitions and spreading libertarian ideas.

A number of proposals to roll back taxes at the federal level are around, and you may want to consider mentioning some of them in letters to Congresspeople. The Kemp-Roth tax cut bill, which would cut federal income tax rates by 33 percent, has some surprising support. Kemp shrewdly invokes the shade of J.F.K. in promoting his concept, noting that the Kennedy tax cut in the early 60's was followed by an expanding economy and increased federal revenues. Several legislators are supporting indexing proposals, which would prevent tax rates from rising only in response to inflation, a fact which gives government a profit from inflation. And the National Taxpayers Union (325 Pennsylvania Ave., SE, Washington, DC 20003) now has persuaded 23 state legislatures to pass resolutions calling for a constitutional convention to pass an amendment to the Constitution requiring the federal government to have a balanced budget. If 10 more state legislatures pass the resolution, Congress will be required to call the convention.

Libertarian Advocate has also proposed a plan to eliminate the progressive feature of the income tax and institute a "tax ballot" which would permit taxpayers to designate how their money will be spent.

If any of these notions appeals to you, please let your "representatives" in Congress know about it, and keep up the pressure. It is also important that we continually tie together taxing and spending as issues. We want lower taxes, but we should make it clear that we also want lower spending levels by government at all levels.

The tax revolt may be beginning in earnest, and it behooves libertarians to be in the forefront of it.

Son of S. 1

The criminal code recodification bill which was rushed through the Senate at the first of the year, is still in the House Criminal Justice Subcommittee of the Judiciary Committee. There is likely to be a great deal of debate yet to come at the Committee level, but it is still possible that the House version of the bill (HR 6869) will be passed quickly and rushed through the entire House. Letters to Peter Rodino (D-NJ), Chairman of the House Judiciary Committee, to Robert McClory (R-IL), the ranking Republican, and to your own Congressman, would be helpful. S. 1437, the version which passed the Senate, has so many obnoxious features that it is impossible to amend it into a satisfactory form. It makes it a crime to "incite others" to evade military service, to obstruct a government function, or to fail to obey a public safety order issued by any "public servant."

The criminal code recodification bill is obviously a bill written to protect government from the people rather than to protect people from government. It should be defeated and sent back to committee to be rewritten entirely from a different philosophical perspective. As it stands now, the assumption that government is always right and benevolent, and the people are nuisances who shouldn't be allowed to get in the way of "orderly processes" is deeply ingrained in nearly every clause.

Alan Bock

Lucifer's Lexicon

by L. A. Rollins

socialist realism, *n. Socialist romanticism; the attempt to draw pretty pictures of the Soviet system.*

Stalinism, *n. Rugged collectivism; dog-eat-dog socialism.*

books

Antitrust Law: An Economic Perspective

By Richard A. Posner
Chicago: University of Chicago Press. 1976. 262 pp. $15

The Antitrust Penalties: A Study in Law and Economics

By Kenneth G. Elzinga and William Breit
New Haven: Yale University Press. 1976. 160 pp. $10

Reviewed by Richard Leftwich

If you're for good ol' capitalism, surely you're for antitrust laws. No? That's a violation of laissez faire? Then you're obviously not for competition.... And so the argument goes. What in the interplay between economics and legal history supports such confusion?

The issues addressed in the two books under consideration are complementary. Posner reviews the types of business activity that have been subjected to antitrust prosecution and identifies the practices that should have been declared illegal under the assumption that the goal of antitrust law is to promote competition and efficiency. Elzinga and Breit presume that illegal activities already have been identified and investigate the choice of efficient means of prosecuting and penalizing occurrences of those activities. In their view, "the most rational criteria by which antitrust cases might be selected are useless if the violation is neither deterred nor remedied." Such a neat division of the subject matter by anyone other than benign academics would provide the Justice Department with clear evidence of cartel behavior!

Posner's task is more ambitious, and his analysis is more rigorous, although noneconomists would find sections of the book tedious, especially Chapter 4, "Price Fixing and the Oligopoly Problem." His views on implicit collusive pricing by oligopolists have generated controversy in academic journals. Perhaps a nonprotagonist could acquaint lay readers with the controversy without feeling obliged to consider the debate in as much detail as Posner does.

Where Posner is successful is in his demonstration of "the extraordinary unwillingness or inability of most Supreme Court justices to apply economics or any other body of systematic thinking to antitrust problems." His discussion of the court's decisions on price fixing, monopoly pricing, and predatory pricing reveals the dilemma confronting the businessman when he sets a price for his product. To paraphrase the tale in the "Incredible Bread Machine," if the price is too high, *monopoly*; if the price is too low, *unfair competition*; if the price is the same as his rivals' prices, *collusion*.

The confusion results from failure to distinguish between protecting competition and protecting inefficient producers *from* competition. Posner cites the Supreme Court's view of the distinction in the *Brown Shoe* case:

> Of course, some of the results of large integrated or chain operations are beneficial to consumers. Their expansion is not rendered unlawful by the mere fact that small independent stores may be adversely affected. It is competition, not competitors, which the [Sherman Antitrust] Act protects. But we cannot fail to recognize Congress' desire to promote competition through the protection of viable, small, locally owned businesses. Congress appreciated that occasional higher costs and prices might result from the maintenance of fragmented industries and markets. It resolved these competing considerations in favor of decentralization. We must give effect to that decision.

It would be interesting to know how the Supreme Court became so well informed of Congress' intent. As Posner argues, if Congress does have a taste for small, albeit inefficient, firms, let Congress incorporate that into legislation specifically (and let congressmen shop there, adds a colleague of mine). The approach endorsed by the Court uses the antitrust laws as camouflage.

Posner's analysis leads him to propose several reforms designed to ensure efficient use of resources devoted to antitrust enforcement. The purposes of antitrust law would be satisfied by substituting "for the numerous substantive provisions of antitrust law a simple prohibition against agreements, explicit or tacit, that unreasonably restrict competition." It is, he concedes, unlikely that such simplification will result from congressional action. Since most antitrust law is the result of court decisions, however, the courts themselves can effect most of the changes. "What is required is judicial recognition that many of the existing judge-made rules of antitrust are inconsistent with the fundamental, and fundamentally economic, objectives of the antitrust laws." Posner also proposes a radical alteration in the conduct of antitrust trials in order to reduce the time and paperwork associated with these trials. It is surprising that this does not include charging the parties for the use of the court system.

Elzinga and Breit provide some entertaining light reading in their early chapters, particularly in Chapter 2, "The Rejected Penalties: A Historical Survey." Penalties originally proposed for violations of the Sherman Act range from denying violators the use of the federal courts to a fine for not keeping a copy of the act prominently posted. Denying violators access to the federal postal system was contemplated also—perhaps evidence of the efficiency of the postal services then. An interesting surviving relic of these penalties can be found in the Panama Canal Act, which prohibited canal access to ships owned by violators of antitrust law. Not surprisingly, remark Elzinga and Breit, this has "hardly become the mainstay of vigorous antitrust enforcement." Elzinga and Breit reveal that, when the first antitrust statutes were considered, some legislators expressed concern about the constitutionality of the proposed interference with market activity. Such concern, needless to say, is no longer prominent in congressional debates on current legislation.

Violators of antitrust laws are now subject to three types of penalty: fines for corporations together with fines and jail sentences for corporate executives, forced sale of segments of the corporation (delightfully dubbed "corporate surgery"), and private damage suits. Elzinga and Breit provide careful analysis of why the available penalties are either inefficient or ineffective. The maximum fine is trivial for many corporations, and the fines imposed are usually significantly below the maximum. Jail sentences for violators are seldom imposed, and in fact they are frequently not sought by the prosecution in cases where they are available. More to the point, they are socially inefficient. Why should taxpayers provide room and board (and perhaps golf courses) for corporate executives who are alleged to have deceived consumers already? Corporate surgery results in confusion at best; it may further compound the problem. Even if we accept the ability of judges and lawyers to make and interpret law, we need have little respect for their ability to dissect corporations in any fashion other than a random one. Private damage suits result in crowded court schedules and out-of-

court settlements. There is little evidence about the size of such settlements, their role as a deterrent, and the role of private attorneys in initiating and pursuing those suits.

Elzinga and Breit argue carefully that, in principle, some fine is equivalent to any other penalty. Since economic efficiency implies that the optimum fine depends on both the damages caused by the violation and the probability of detecting the offense, setting the level of the payment is a complex matter. It is disappointing that, following such detailed analysis of the problem, the level of the fine they recommend is chosen arbitrarily. They suggest a fine of 25 percent of the firm's pretax profits for each year that the offense was committed and admit that "the 25 percent figure is not sacrosanct, but it does represent our judgment of a penalty that would deter in an even-handed fashion." It is difficult to believe that their judgment ensures the efficient solution that they promised to deliver.

On a more general level, both of these books contain a basic inconsistency common to many prescriptions for improving government performance. Consider the actors in the antitrust farce. On the one hand, we have the businessmen, each of whom is a cunning seeker of ways, legal or illegal, moral or immoral, to improve his lot in society. On the other hand are their adversaries: judges, politicians, and bureaucrats. Some of these—the judges—may have difficulty applying any "body of systematic thinking," but almost all of the businessman's adversaries are altruists, unselfishly seeking to improve the lot of society as a whole. Granted, selection and survival biases may result in employees of private enterprise having characteristics different from, even less pure than, those of employees of government. But should we base prescriptions for improved government action on such differences? To do so smacks more than a little of "what we need is, not less government, but better people in government."

None of this suggests that Posner or Elzinga and Breit are unaware of the incentives of the bureaucrats and politicians. For example, Posner reveals that most price-fixing cases brought by the government allege that the defendants conspired in an *attempt* to fix prices. Whether those attempts were successful is almost incidental. Why? Because lawyers and judges have developed a set of rules governing the proof of conspiracy, and thus those cases are easy to argue in court! Elzinga and Breit recognize that, as a result of the incentives of lawyers, little attention is paid to the outcome of corporate supervision and surgery ordered by the courts. Why? Because the lawyers' future promotion and careers depend heavily on their courtroom successes, not on their ability to supervise wayward enterprises.

Both books contain prescriptions based on arguments that almost entirely ignore the incentives of judges, politicians, and bureaucrats to interpret and enforce the law for purposes that suit them rather than society. Until we have a theory about how a particular law *will* be interpreted and enforced (as opposed to how it *should* be), we have little basis for deciding whether we support or oppose that law. What is the proper role and scope of antitrust law in a free society? Neither of these books provides the answer because neither contains a political theory of antitrust law. Both books do, however, provide sound economic discussion of issues frequently obscured by emotion and rhetoric. They warrant attention by anyone who wishes to determine what constitutes an economic approach to antitrust law.

Mr. Leftwich is nearing completion of his Ph.D. at the Graduate School of Management, University of Rochester.

Ezra Pound: The Last Rower, A Political Profile

By C. David Heymann
New York: Viking. 1976. 318 pp. $12.50

Reviewed by Wendy McElroy

In 1908 Ezra Pound arrived in London determined to set literature and literary trends "in order." His demands were simple. Poetry must be tight and brief—"at least as well written as prose." It must have precise expression (*le mot juste*) and exactness of rhythm. To accomplish this, he championed two major schools of literature. He forced West to meet East by pioneering the translation of Chinese literature and by introducing the art forms of Japanese Noh drama, tanka, and haiku to England. He discovered and nurtured such obscure writers as T. S. Eliot, James Joyce, Robert Frost, D. H. Lawrence, Ernest Hemingway, and Rabindranath Tagore. When compliments and threats, persistence and outbursts could not move editors to publish these authors, he set up his own magazines and did it himself. He exerted major influence on "established" writers, even to the point of becoming personal secretary to Yeats. And when lack of money threatened Joyce or Eliot, he used this influence to get them funds, even though paying his own rent was often a tenuous affair. This, of course, was in addition to coediting numerous magazines, compiling anthologies and writing

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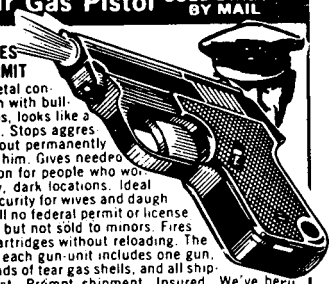

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his own critical studies, articles, translations, and verse—of which he managed to put out almost a book a year. As William Carlos Williams put it, he "lived the poet as few of us had the nerve to live that exalted role in our time."

But Pound lived other roles as well. The political radical. The political victim. The disillusioned recluse. And it is often the most controversial rather than the most important of these roles by which Pound is labeled and remembered. Although Heymann's book is subtitled *A Political Profile*, I disagree. I do not feel that I have read a political profile but the profile of a "human being," with all the complexities that those words imply. As for me, the role of poet *is* Ezra Pound. That is his greatness and his importance. C. David Heymann portrays this poet accurately, with perspective and empathy. With equal skill, he portrays the other Ezra Pounds.

There is a slightly older Ezra Pound whose letterhead bears a motto by Mussolini: "Liberty is a duty not a right." This is the man consumed by economics and politics, a vociferous advocate of fascism and anti-Semitism. It is this Ezra Pound who delivers the famous wartime Italian broadcasts, "Europe calling, Pound speaking," that will ultimately destroy him.

And there is Ezra Pound the victim, the political radical who chose the losing side and was arrested as a traitor upon Italy's defeat. As victim, he was for three weeks caged in an open kennel two paces by two paces in size, until he collapsed from exposure and was taken to a medical compound. His trial for treason was a farce without allowing even the pretense of a defense. The outcome was a 13-year commitment to an insane asylum. There, amid schizophrenics and mongoloids, he wrote much of his important literature.

And finally there is the man who, because of the tenacious efforts of men such as Hemingway and Archibald MacLeish, was released and so retreated to pass the rest of his life in self-imposed isolation. This is the man who said: "I have lived all my life believing that I knew something. And then a strange day came and I realized that I knew nothing, that I knew nothing at all. And so words have become empty of meaning...."

Heymann's book is a well-written, well-documented, well-developed, and eminently fair profile of a man who "stormed" London at 24 and died six decades later, isolated, disillusioned, and very tired. The book includes accounts of the author's meetings with Pound, photos taken by the author and never before published, Pound's letters, and legal documents surrounding the trial.

But for me, the most important issue Heymann addresses is: "Can a work of art stand outside the life of the man who created it?" Can Pound's literary genius and immense contribution to art ever be independent of his controversy? Or can one simply accept Pound as multifaceted without one facet marring another? In 1949, despite tremendous protest, the Bollinger Prize Committee resolved this question by awarding the prize, not to Pound, but to "Pound's work," thus separating the art from its creator, rewarding one and trying to ignore the other. In the early seventies, however, when Pound was nominated for the Emerson-Thoreau medal, the committee voted against Pound because of his former political positions. He was not to be granted the recognition given to so many of his proteges. He was, indeed, an exile.

Ironically, this is the title of one of the small literary magazines published and edited by Pound—*The Exile*. There were only four editions, the first published in the summer of '27, the last in the fall of '28. *The Exile* was a product of Pound's transition from poet to politician (for want of a better word). And, as such, it is interesting on several levels.

One level is simple literary memorabilia—complete with the pleasure of reading young unknowns such as Hemingway and William Carlos Williams. On another level, it is typical of Pound's approach to literature—that strange atmosphere of well-directed chaos and delight in flaunting tradition. *The Exile* contains much of the early Ezra, once described as the world's last troubadour. More importantly, however, it *is* a magazine of transition, of the period during which Pound turned from art to politics and began the course of events that would have him die an exile from his homeland and his chosen world of art.

In the editorial comments that conclude each issue of *The Exile* one can watch the psychological shifting of Pound's values and emphasis. In my own melodramatic way, I think of it as a requiem to the Pound that conquered London and delighted me when I was young.

Ms. McElroy is a free-lance writer specializing in poetry and literary criticism.

Whatever Became of Free Enterprise?

By Ronald L. Soble
New York: New American Library. 1977. 212 pp. $1.75 (paper).

This little book is a milestone in the history of anti-thought. Never before has anyone worked so hard in such a small space, at obscuring facts, confusing concepts, and deceiving minds.

Concepts are constantly misdefined. "Has business become so big that it *is* an extension of government?" Soble asks. His presupposition here is clearly that everything big is a government—which has some interesting implications, such as that Mount Everest, the Pacific Ocean, and the Andromeda Galaxy must be governments.

Over a hundred pages later, he quotes approvingly another explanation of the State, one Wassily Leontieff's statement that it is "simply a corporation of interests of the public. That is what our free democracy is." A government *can* be described as a corporation, if that word is used to mean simply "organization"—though "organization" itself would be a better, because less ambiguous, term in this context. But how could interests in themselves form any kind of an assembly? How can a community where a majority forces its dictates on everybody be free? And what is simple about all this gibberish?

Soble not only endorses the meaningless statements of others, he makes similar assertions himself. "To let 'nature take its course'" and maintain a free market, he opines, "is to keep our collective head in the sand." Well, free enterprise *is* incompatible with the collectivization of heads; but is collectivization of heads, with its destruction of free thought and free choice, so desirable?

Misrepresentations abound. For example, the free market, an economy based on peaceable and voluntary cooperation, is constantly presented as if based on force and violence. Where Soble does not misrepresent, he often tries to confuse with irrelevancies and ambiguities. Nationalization, he says, "may prove no more dangerous to our individual freedoms than increased governmental regulation in other areas of our lives." Perhaps. But just how dangerous to our freedom have those other forms of governmental domination been? "Those favoring a planned economy," he says, "flatly deny they are driving the country toward a sort of veiled socialism." And S. Andral Kilmer always flatly denied that his Swamp Root kidney cure was nothing but cheap whiskey. But what really matters in both cases is what their projects actually are, not what they claim them to be. Kilmer's Swamp Root *was* cheap booze, and the social planners' schemes *are* a form of socialism or a reasonable facsimile thereof.

And finally, he employs out-and-out contradictions. On some pages of his book, Soble declares that American businessmen are so powerful that they will

(Continued on p. 49.)

movies

• The Boys in Company C • Big Wednesday • Capricorn One

• At last a film about Vietnam—not its after-effects, but the war itself. However, the first half of **THE BOYS IN COMPANY C** deals with basic training at Camp Pendleton, material that has become thoroughly familiar through dozens of previous films. Most of it is played for laughs, and the main difference between this and its predecessors is the endless stream of gutter language.

The second half takes place in Vietnam (though filmed in the Philippines), and is much better, though still far from being a brilliant piece of film-making. Even the low-life humor of the first part helps to etch the individual characters, so that it is living people and not ciphers who fight and die in swamps and jungles. A strongly anti-Vietnam-war film, the expected themes are all to be found: mines and booby-traps that kill instantly and unexpectedly, officers who demand "body counts" and in order to get them bomb villages which are not even "enemy territory," captives who are shot at once although they have done nothing except be impressed into the Viet Cong, officers who give such stupid or sadistic orders that their own men turn on them. Throughout the film the villains are Americans, especially the officers.

This film is a breakthrough only with regard to its subject-matter. Though the characters are not quite stereotypes, the story line, as well as practically the entire script, is one long continuous cliche.

—John Hospers

• What happens to those who have made not only an avocation but a vocation out of surfing after their all-too-brief season in the sun has passed? **BIG WEDNESDAY** is an attempt to deal with this question. With spectacular photography, natural ocean settings full of sound and surf and pounding waves, and a cast of young actors and actresses to whom the action is well suited, one would think that this is a film that couldn't lose. But it does. It starts promisingly but proves inadequate for handling the serious themes that appear after the fun-and-games period has gone.

The main defect is inadequate characterization. The principal characters (Jon-Michael Vincent, William Katt, Gary Busey) are not very well individualized, nor even developed at all. Since one gains very little insight into what makes any of them do what they do, and the script is singularly unhelpful in revealing this to us, it is difficult to identify imaginatively with any of them. Perhaps, one might object, there isn't all that much to identify with: and there isn't, in the *characters*, but surely there is in actual *persons* on whom such characterizations are based, and none of the complexity of actual persons is captured in these characterizations.

The moral of the tale appears to be that sooner or later one must settle down to the serious business of living. But if so, the film doesn't show this happening to any extent, and the emphasis is rather on adolescent ideals and loyalties remaining unchanged into adulthood. There was a good opportunity in this material which was largely missed. Perhaps writer-director John Milius, an ex-surfer himself, got carried away by his own dreams; at any rate the dreams did not carry over with any power or imagination into cinematic reality—or perhaps the dreams were insubstantial to begin with?

> ...and, like an insubstantial pageant faded,
> Leave not a rack behind. We are such things
> As dreams are made on, and our little life
> Is rounded with a sleep.
>
> (Shakespeare, *The Tempest*)

—J.H.

• The book on which **CAPRICORN ONE** was based first appeared in the early 1950's. Its subject, a phony space-shot to Mars, would have made a more credible film before the first real moon-shot occurred in 1969.

Why then did so much time elapse before the film was made?—and still more after the film was in the can, shopping around for a distributor? I suspect that it required a post-Watergate atmosphere to make it credible: only in such a mood would American audiences really believe that the US government would lie, cheat, and kill in order to keep the truth from being known to the people who paid their salaries.

Today audiences do believe it, and apparently believe it enthusiastically. If you doubt that popular attitudes have changed in this regard, watch the audience reaction to this film. Of course, the heroism of the-few-against-impossible-odds is always a stirring theme, but in the present case it would be difficult even for a viewer with an I.Q. of 60 to be ignorant of the fact that the villain, with all the armed might on its side, is none other than the US government. It is at least a change from previous filmfare to hear loud cheers from an audience when aircraft crash and burn, when such aircraft are manned not by "enemy nations" but by the armed forces of the United States.

Though the film begins slowly, it picks up momentum and the last half hour or so is enormously exciting. Were not the helicopter-vs.-plane shots above the desert extraordinarily well filmed, the animus of the viewer against the Forces of Evil (the US government) would have a much less clearly defined focus. The film is also surprisingly well scripted in parts (best excerpt: the verbal exchange between an inquisitive reporter—Elliott Gould—and his employer). The major improbability in the story is that, of all the hundreds of people who would have to know about a fraud of this magnitude, not one would write an autobiography or even in an unguarded moment confess the truth to his wife after the affair was over. A secret requiring such a degree of collaboration would be almost impossible to keep.

Though the anti-government theme is peculiarly libertarian (actually it is an anti-*American*-government theme), the rest of the film is not: no opposition is anywhere expressed toward government projects (e.g. space shots) as such, and there are several references to the "immorality of profits." There is very little in the way of discernible ideology in the film, other than the anti-government stance set in motion by the Nixon affair.

There is also another side to the coin. Just as in the Aesop fable about the boy who cried wolf too often ("The liar is not believed, even when he tells the truth"), one day there may be a genuine emergency which Americans will believe to be as phony as the Mars shot. Citizens of nations in which films like this cannot be shown, where people are more sheep-like in their attitude toward their government, will have no lingering doubts when *their* nation is called to arms. In that case the truth will not be known until it is too late to be of any use. To those who are distrustful, not only of governments but also of film-makers, the thought may possibly occur that this too is part of the motivation behind this film—or at least one of its more unpleasant possible by-products. The observation that a film such as this one can at least be shown in America, will not occur to people who live in "closed societies," for they will be unaware of the fact that such a film was ever made.

—J.H.

money

(Continued from p. 41.)

with assets to protect and the means to protect them. Never before has the market for knowledge been so large. The ease with which people can use Swiss banks, visit their lawyers in the Cayman Islands, find a tax advisory service in their local shopping center, or find so many affordable sources of information in books, magazines and newsletters is unprecedented. Never before has an expanding government attempted to control so many wealthy and knowledgeable citizens.

Knowledge is the key to asset protection. Right now, we're in the midst of a revolution in knowledge caused by the computer. Like jet travel, which immensely broadened every person's potential sphere of action, the computer has and will continue to add to our wealth in unknown ways. Just as $9.95 will get you a book (*Harry Browne's Complete Guide to Swiss Banks*) to tell you everything you need to know about Swiss banks, so a $1,000 home computer, hooked over the telephone to data banks, mega-mega-byte memories, and mainframe processors promises a revolution in asset management as well as forms of information processing.

The overall effects of this revolution in knowledge and availability of information are impossible to predict. But it does seem certain that the market for asset protection services will expand dramatically in the next decade, spurred not only by more government intervention but by lower costs and greater affluence.

The result could be that, for the first time in history, the market beats government down.

If you know how to protect your assets, you usually know *why* you need to do so. You know, if only vaguely, the political causes behind high taxes, inflation, and intervention. The expanded availability of protection services translates, in the future, into one or both of two responses:

- an enormous and uncontrollable black market in response to price, wage and a variety of other authoritarian controls which could be imposed in the event of hyperinflation;
- a political rejection of the authoritarianism implicit in government attempts to control inflation, unemployment and other economic ills.

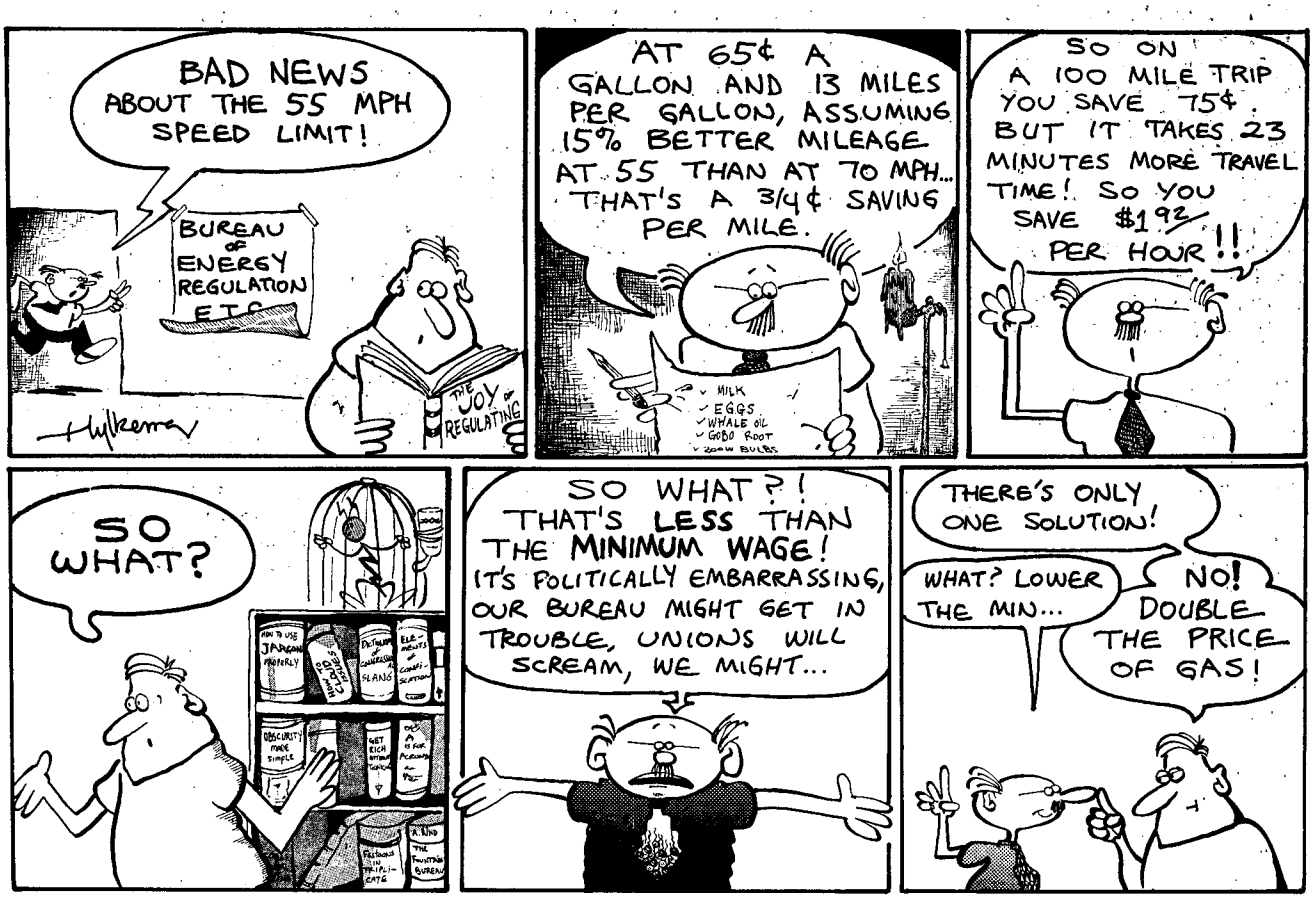
History has proved that economic instability, e.g. inflation, results in political instability. We can trace the rise of Hitler directly to the German hyperinflation of the 1920's. The knowledge that Americans can get simply by walking into a bookstore was unavailable in the Germany of the 1920's. If ignorance results in people turning to a Leader who will solve all their problems by deciding their answers for them, then perhaps knowledge provided by the market in response to a definite need for asset protection will result in people turning, not to a Leader, but to the market.

Only time will tell. But one thing *is* certain: an abundance of knowledge is available to you. Without much trouble and expense, you can find out most things you need to know about protecting your assets. Use them! We can't know, yet, whether Americans will turn to the market or a Leader when the inevitable collapse arrives. If they make the wrong choice, you have only yourself to blame if *your* assets do not survive.

Mark Tier

rudebarbs

by Randall K. Hylkema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WHAT? LOWER THE MIN...
NO! DOUBLE THE PRICE OF GAS!

letters

(Continued from p. 10.)

What needs to be said here about Block's approach to the issue of abortion is that it is politically sound but morally objectionable. Not everything that is politically right ought to be the case. Thus, when Block argues that even "if voluntary pregnancy is interpreted as an 'invitation' to the fetus, the mother is not compelled to stretch out the invitation for the full term," he can only be speaking strictly politically. It is far from evident that one can voluntarily enter a helping relationship in which a human life is at stake and be morally justified in severing it at any time for any reason.

Granted that in a free society morality is a private, personal issue, it does not follow that defenders of freedom are for *everything* that is politically admissible in such a society. Freedom is *not* the only value—nor can it be. Either we stand for liberty because it is the means to a moral, human community or we stand for liberty for its own sake—which is nothing.

I am convinced Block's defense of abortion exemplifies the latter approach.

Antonio Barzey
Topeka, KS

viewpoint

(Continued from p. 40.)

all statism in the world will be eliminated in two decades—with the aid of leftists!—one can only invoke psychiatric explanations. When I wrote, some months ago, that many leftist-anarchists were dominated by dreams and nightmares, I was not using metaphors. I meant it literally.

Some "pessimistic" members of the panel pointed out accurately that libertarian trends might well be paralyzed if a grave economic crisis occurred in this country. Eminently reputable economists believe this to be possible, even likely, for reasons well known to this magazine's readers. But the "optimists" flatly evaded that issue. And yet it is crucial. In such a crisis the American people would not tolerate a significant dismantling of the State (assuming that they would ever tolerate it). Quite the contrary. If there were a catastrophic crash in the country, or runaway inflation, people by the millions would be unemployed, impoverished, and terror stricken. Social Security funds and unemployment insurance would be worthless. Riots would break out, looters would fill the streets, and rampaging and hungry mobs would render life dangerous and unlivable for those who were still able to survive. In such conditions, the American middle and upper classes would not dismantle the State. They would summon the police, they would call out the armies, orders would be given to shoot to kill, and they would demand—and get—order and protection, from a decisive and powerful government. The probability is overwhelming that an irreversible dictatorship would be instituted. To evade this very real danger and to prattle about a rapid alteration of cultural institutions, that have, in some cases, been millennia in the making, bespeaks a profound capacity for ignoring anything that interferes with one's wishes.

This massive divorce from reality, then, is what underlies libertarian "optimism." It is not a state to emulate. On the contrary, it is one to flee from, if one wants to exercise any serious and lasting influence on this society. The alternative to such "optimism," of course, is not "pessimism"—it is realism. And realism tells us one thing above all today—that we must do everything in our power to prevent an economic collapse. What that means, of course, is that one must protect the institutions in this country on which science, technology, production, wealth, jobs, and physical life depend, even as one seeks to alter those institutions through education. This is not a self-contradictory assignment. It is the precise equivalent of giving a surgical patient oxygen and intravenous feeding. The goal is to make him well—not to carve him to death. In sum, however radical one's theory, gradualism is not an *optional* political approach—it is the *only* political approach. Anything else is cultist hallucination, or a nihilistic desire for destruction and disaster—or both.

And on this note, I say goodbye. I am off to write a book. To all of you who have written to me expressing appreciation for my columns: Thank you. ◻

spotlight

(Continued from p. 42.)

In developing AREA, Bjornseth had in mind a new type of urban professional—in sharp contrast to the conventional urban planner. "Planners' jargon—so rich in words like *conformity, coordinated, mandatory, regulatory, guidelines,* and of course *plans*—accurately reflects their self-assumed omniscient wisdom and their control-oriented simplistic mentality." In sharp contrast, "AREA stresses autonomy, diversity, and freedom of choice and seeks solutions to urban and environmental problems within the context of individual initiative and responsibility."

Will AREA shake up AIP, AIA, and ASPO? Will it one day grow to rival these established societies? No one can be sure. But in just a few short years AREA has already led to thousands of mutually beneficial interactions—professional contacts, exchanges of information, the collection and dissemination of new knowledge. Much of the credit must go to Houston's increasingly private planner, Dick Bjornseth.

Robert Poole, Jr.

(Readers wishing further information on AREA *should write to the Membership Coordinator, 1023 E. Shawn, Pasadena TX 77506.)*

books

(Continued from p. 46.)

create vast and despotic monopolies unless the government takes over. On other pages, he declares that all businesses in America are so feeble that they will collapse altogether if the government doesn't take over. But he can't have it both ways.

There is only one sentence in all of this book that has any large element of truth in it: "We have arrived at that time in history when economic and political realities have become blurred." Yes, we have. And Ronald L. Soble is not helping matters any.

—Charles Korbas

classifieds

ANNOUNCEMENTS

SUPPORT LIBERTARIAN CAMPAIGNS! Orange County has four candidates: Paul Beaird for Congress, David Bergland for State Senate, Jim Gallagher for Assembly, Bernie Perra for Assembly. Contributions of $100—$50—$25—whatever—put to good use. Please send checks payable to above campaigns to P.O. Box D, Huntington Beach, CA 92648.

BOOKS

COLLECTOR'S ITEM: Playboy Magazine March 1964 containing Ayn Rand's interview $15.00 PostPaid. Kovacs Bookstore 2169 Lee Rd., Cleveland, OH 49118.

DEFENDING THE UNDEFENDABLE ad banned by the National Libertarian Party's

L.P. News. Dr. Walter Block demonstrates how you pay a burdensome economic and emotional price by not defending such victims as the pimp, prostitute, drug pusher, slanderer, speculator, slumlord, loan shark, and scab. Now his book, *Defending the Undefendable,* has itself become a victim. Although this intellectual adventure has received rave reviews from Hayek, Rothbard, MacBride, Hospers, Szasz, Nozick, Hazlitt and many others, it has been virtually banned by the nation's bookstores, *and by the National Libertarian Party,* as too controversial. So order your hardcover copy directly from the publisher. $9.95. 3 week moneyback guarantee. Or send for free brochure. Fleet Press, P.O. Box 2T, BK, NY 11235.

THE JANUARY SONNET CYCLE 1976, 31 poems. *The April Sonnet Cycle 1977,* 30 poems. These Shakespearean Sonnets on a variety of topics are an excellent gift. Soft leatherette covers. $3.00 each, $5.50 set, postpaid. (Ms.) Mary E. Littlejohn, 128 Russell Street, Gaffney, SC 29340.

LATER IN HEAVEN government and military personnel will be bound to those they brought death. Read "Book of Light," written by a Mystic. $2.00 postpaid from K. Emmons—R, 1720 S. King Ave., Lakeland, FL 33803.

POEMS ON LIBERTY by R. D. Fuerle. $1.25 postpaid. Spooner Press, Box 393, Murrysville, PA 15668.

BUSINESS OPPORTUNITIES

LIBERTARIAN RADIO PROGRAM: *Focus on Freedom* starting soon on New York FM station needs advertisers. Write for rates and information. Etcetera Communications, 4 Bedford Street, New York, NY 10014.

LIBERTARIAN STARTING NEW BUSINESS is looking for investors/financial backers. Dividends on stock approx. 16.5%. Ken Miller, 327 Sherman Ave., Teaneck, NJ 07666.

EMPLOYMENT

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INDIVIDUALS WITH AEROSPACE EXPERIENCE can help to do something tangible for the future of private enterprise in space. Join Robert Heinlein, Robert Poole, Buckminster Fuller, and others. Contact Sabre Foundation, 221 W. Carrillo, Santa Barbara, CA 93101.

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PERSONALS

HAPPY SECOND BIRTHDAY ANARCHA!!! I hope the future years of your life are as fulfilling for you as these first two were. But if for some reason this world throws problems your way just remember to love yourself above all else and you will find the strength to defeat your enemies and survive. I will do all I can to show you how. Goodbye my baby—your infancy is over—it is now time to face the real world. I love you. Angela.

PERFECT man (29, 6'2", 190 lbs., stunning good looks, etc.) seeks perfect woman. Object: perfect union. Reason Box 3B.

OBJECTIVIST MAN, 24, athletic, sensitive, accountant, desires contact with a similar woman under 32 in Texas. Dennis Brown, 14003 Brookgreen Drive, Dallas, TX.

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INVENTION GUARANTEES TO DOUBLE gas mileage or refund. Invention source, other automotive efficiency items. $2. Anderson Engineering, Epsom, NH 03234.

"A SONG IN THE WEST," a new recording of compositions by Kenneth LeFevre (original spelling: LaFave) will be released in December, 1978, on LARK Records. Scheduled for inclusion are the following works: "Variations on an American Folk Theme" for flute and piano; "Three Perspectives" for percussion quartet; "Love That Passes," a cycle of six songs on poems by James Joyce; "Ideas for String Quartet" and "A Song in the West," a prologue and march for symphonic band. (Final contents may involve substitution.) LeFevre, music critic for the Arizona Daily Star and student of composer Robert Muczynski, was last represented on disc by "Selected Works," an album on TOFI Records. The album's price upon release will be $6.50. A charter price of $5 (shipping and handling included) is available through Sept. 30. Inquiries or checks should be sent to LARK Records, Box 892, Tucson, AZ 85702.

CALLIGRAPHY: pithy poetry and appropriate aphorisms. Libertarian, Objectivist, etc. Unique Greeting Cards. Custom Hand Lettering. SASE for FREE Catalog. Art Etc., 1529 Plaza del Amo, Torrance, CA 90501.

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New Special **AMERICAN ATHEIST MAGAZINE:** $15.00 a year; sample copy $1.50; editor Madalyn Murray O'Hair, P.O. Box 2117, Austin, TX 78768.

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THE CLASSIFIED AD DEADLINE FOR THE OCTOBER ISSUE IS AUGUST 1, 1978.

"How I beat the banks — at their own game."

By MARK SKOUSEN

My name is Mark Skousen. Like you, I've dealt with banks all my life. And, like you, whenever I needed a loan, it seemed as though the banks held all the cards.

"The banks never give the average guy a break," I used to say.

Then, about three years ago, things started to change—dramatically. I discovered that increased competition among banks had opened up *dozens* of opportunities for borrowing and making money—on amazingly favorable terms. I learned how to *beat* the banks—at their own game. *And you can, too!*

Today, I'm on the highroad to financial success. Using the banking and credit secrets I discovered, I can now borrow $25,000 anytime I please. I earn high returns on my savings, which I can withdraw at any time *by check*. I own a sports car and a sedan free and clear. I live in an $80,000 home, and I have the time and means to travel several times a year.

How did I do it? With a little investigating—and some creative thinking. I talked with bank officials. I read banking literature—*between the lines*. Slowly but surely, I began picking up the "tricks of the trade" which had previously been known only to banking insiders.

Then one day, I discovered the most powerful idea in consumer banking history: *An unlimited source of overnight capital at favorable interest rates!* I call it *"The Perfect Loan."*

How To Raise $25,000 Overnight

I became aware of this new financial opportunity when a friend of mine told me how he got out of some financial troubles. He told me about a brand new source of personal loans—and how he had been able to borrow tens of thousands of dollars from banks *without* revealing the purpose of the loans and *without* putting up any collateral. He didn't have to use the money right away—he could let it sit in the bank. And he didn't have to pay any interest until he actually used it. When he finally needed it, the money was there waiting for him.

This I had to see for myself. To my surprise, my friend was absolutely right. I found that I too could borrow thousands of dollars overnight, even though I had only an average income. But that was only the beginning. *I found that this was the world's easiest and best way to raise money!*

First of all, I could qualify for these instant, unsecured loans without ever sitting down with a loan officer. Everything could be done by mail!

Second, I could use the money for any purpose I saw fit. I could use the loan for a down payment on a house, to start a new business, to buy a color TV, or to purchase stocks. It was completely up to me.

Third, the interest I paid was much less than what I would pay using my credit cards. And with some conservative techniques, I found that I was able to reduce the interest charges to less than 10%—not bad for a personal loan.

Fourth, I discovered, much to my surprise, that I was able to borrow this money *indefinitely!* It was completely up to me how much I wanted to pay back. By following the insider's techniques I developed, I could postpone repayment of the loan for months without any problems from the bank. In fact, it gave the appearance that I was a better credit risk!

Yes, things have worked out very well for me. But one day I thought, "All this is too good to keep to myself. Why not share my knowledge with others?" And so I've written a book that tells everything I've learned. It's called THE 1978 INSIDER'S BANKING & CREDIT ALMANAC.

The "Perfect Loan" and More

My book covers all the details of "The Perfect Loan," just as I've described it above. But that's only the beginning! The ALMANAC opens up a whole universe of new banking and credit opportunities:

- Checking accounts that pay interest.
- A new way to earn 10% on your savings account.
- Visa and Master Charge centers that give *free* cash loans.
- A bank that offers a $5,000 line-of-credit on the prestigious American Express "gold card" at only 10% interest.
- A U.S. checking account literally backed by 100% gold bullion.
- How to earn 12% on a 7¾% certificate of deposit.
- How to get *free* life insurance . . . even if you're normally *uninsurable!*
- How to conduct your financial affairs without a U.S. checking account (for those who seek complete privacy from government snooping).
- A Visa center that *pays you* 1% of the total purchases you make using the card.
- How to postpone bankruptcy forever.
- How to save up to $100 a year on your checking account.
- How to get free travelers checks, free money orders, and free notary service.
- The advantages of having a U.S. dollar account in Canada.
- How some Americans earn 30% a year with a Swiss savings account.
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- A new way to earn high yields when short-term interest rates are low.
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Mark Skousen

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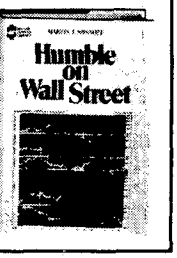

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